As of 11 a.m. ET **DJIA** 10430.24 ▼ 0.20% **FTSE 100** 5323.96 ▼ 0.59% **Nikkei 225** 9401.58 ▼ 1.01% **Shanghai Comp.** 3223.53 ▼ 3.45% **Hang Seng** 22423.14 ▼ 1.53% **Sensex** 17131.08 ▼ 0.29% **S&P/ASX 200** 4685.05 ▼ 0.68%

A year after the Mumbai attack, militants thrive
WORLD NEWS 6

The global-warming emails you weren't meant to see
EDITORIAL & OPINION 13

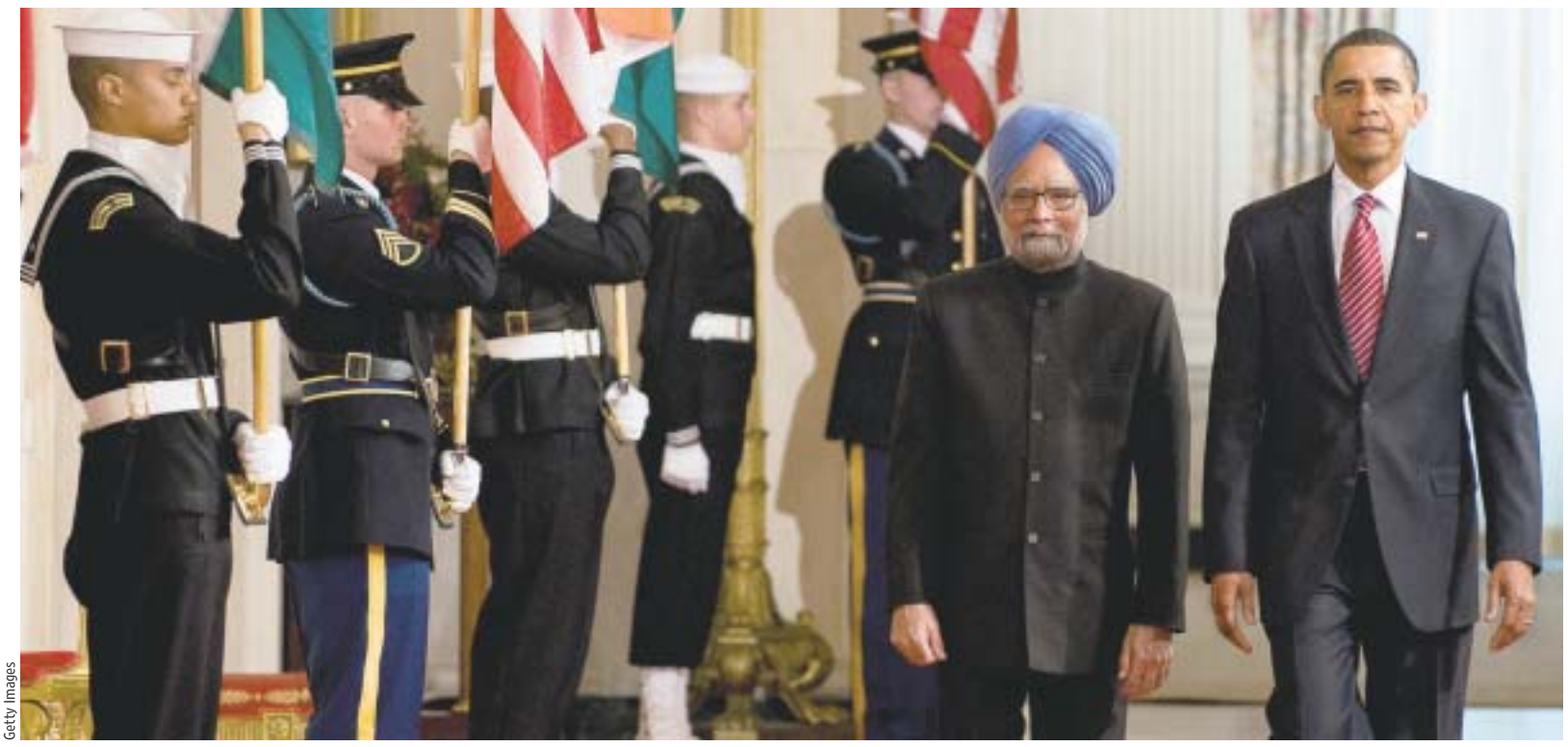
Australia: A$6.00(Incl GST), Brunei: B$5.00, China: RMB25.00, Hong Kong: HK$18.00, India: Rs25.00, Indonesia: Rp18,000(Incl PPN), Japan: Yen500(Incl JCT), Korea: Won2,500, Malaysia: RM6.00, Pakistan: Rs80.00, Philippines: Peso80.00, Singapore: S$4.00(Incl GST), Sri Lanka: Sirs180(Incl VAT), Taiwan: NT$60.00, Thailand: Baht50.00, Vietnam: US$2.50

KKDN PPS 648/11/2010 (028507) KKDN PP 9315/10/2010 (025811) MICA (P) NO. 048/10/2009 SK. MENPEN R.I. NO: 01/SK/MENPEN/SCIJ/1998 TGL 4 SEPT 1998

THE WALL STREET JOURNAL.

VOL. XXXIV NO. 62 (India facsimile VOL. 1 NO. 123) * * ASIA Wednesday, November 25, 2009

DOWJONES A NEWS CORPORATION COMPANY asia.WSJ.com



Getty Images

U.S. President Barack Obama and Indian Prime Minister Manmohan Singh walk down a hall in the White House. It was the first official state visit of Mr. Obama's presidency.

Obama affirms ties with Singh

A WSJ News Roundup

WASHINGTON—President Barack Obama showered praise on India and Prime Minister Manmohan Singh in an elaborate ceremony Tuesday, saying that U.S. ties with India will be "one of the defining relationships" of the 21st century.

Mr. Obama said the U.S. and India share the "bold experiments" of becoming democracies after breaking from rule by a colonial power, and in modern times both have known the pain of international terrorism.

"Our nations are two global leaders, driven not to dominate other nations but to build a future of security and prosperity for all nations," Mr. Obama said as he welcomed Mr. Singh to the White House. He added that it was fitting that the Indian leader should be the first state visitor of his administration.

Chilly, damp weather led officials to move the ceremony indoors, where Messrs. Singh and Obama stood before photographers and television cameras in the East Room as a Marine band played the national anthems of their countries. At a news conference later, Mr. Obama said he had accepted Mr. Singh's invitation to go to India next year.

Mr. Singh said India and the U.S. are separated by distance but bound by common national values of "democracy, pluralism, rule of law and respect for fundamental human freedoms."

Mr. Singh has said he is optimistic about the future of the U.S.-Indian relationship and is looking for a "strategic partnership of global dimensions." White House spokesman Robert Gibbs called Mr. Singh's visit a show of respect acknowledging India's growing economic and political power.

Mr. Singh began his high-profile U.S. visit Monday night, laying out his vision for "mutually beneficial" economic ties with the U.S. and saying that officials this week will sign a new memorandum of understanding on energy security and climate change.

"India's new and evolving relationship with the United States is in many ways the natural consequence of changes in economic policy and business practices that have occurred as countries have responded to processes of global economic integration," Mr. Singh said Monday in a speech at the U.S. Chamber of Commerce.

The economic relationship, he said, is characterized by a "two-way flow," with U.S. corporations engaging in high-tech work in India, grooming talent and relocating research

Please turn to page 20

Banks grapple with debt avalanche

By Carrick Mollenkamp And Serena Ng

Banks have spent the past year dealing with a mountain of bad assets. Now attention is turning to trillions of dollars of debt they have maturing over the next few years.

Banks unable to maneuver around the challenge could be forced to refinance their debt at sharply higher costs.

The situation was caused by banks engaging in cheap borrowing during the credit-market boom that began in the middle of the decade and lasted through 2007. As financial markets hit crisis mode, banks were propped up by government guarantees that enabled them to keep selling debt—but with much shorter maturities.

In debt | Banks' U.S.-dollar borrowing costs

Banks' borrowing costs have decreased, though they remain more expensive than in years past and than what companies pay to borrow (in percentage points).

*5-7 year maturities vs Treasurys. Source: J.P. Morgan Chase

About $10 trillion of debt comes due by the end of 2015, including $7 trillion by 2012, according to Moody's Investors Service, which highlighted growing concerns about the banks' looming liabilities in a report this month.

The life span of bank debt has shrunk to historically low levels, forcing banks to deal with the problem sooner rather than later. Globally, the average maturity of new debt rated by Moody's fell from 7.2 years to 4.7 years in the past five years.

"We thought that we should send a signal" of warning, said Jean-Francois Tremblay, a Moody's analyst and one of the report's authors.

The problem is especially acute for U.S. and U.K. banks, which have been among the hardest hit by the financial crisis. In the U.S., banks have seen maturities drop to 3.2 years from 7.8 years in the past five years. In the U.K., the average maturity for new debt fell to 4.3 years from 8.2 years, Moody's said. The report didn't include data on specific banks.

Large banks such as **Citigroup** Inc. and **Bank of America** Corp. said they expect no problem refinancing at affordable rates and that they have historically high levels of cash to cover maturing debt. Their funding needs are likely to be lower anyway because of sluggish lending and sales of assets or businesses that require debt funding.

Citigroup has about $30 billion in 2010 of debt coming due next year, with an additional $39.5 billion in 2011 and $59.3 billion in 2012. Bank of America must deal with debts totaling about $55.4 billion in 2010, $35.3 bil-

Please turn to page 20

U.S. says recovery was weaker

By Luca Di Leo And Jeff Bater

The U.S. economy's recovery wasn't as strong as earlier believed, as third-quarter gross domestic product was revised to show a wider trade deficit and lower consumer spending than previously estimated.

A separate report showed that while consumer confidence improved in November, U.S. consumers continue to be anxious about a sluggish economy.

Gross domestic product rose at a 2.8% seasonally adjusted annualized rate in the three months ended Sept. 30, after falling by 0.7% in the second quarter, the Commerce Department reported. A month ago, the department first estimated that GDP rose an annualized 3.5% in the third quarter.

In a sign that the recovery remains sluggish, the GDP report showed gauges measuring third-quarter price inflation were subdued. Meanwhile, corporate profits rose by 10.6% in the period, the biggest increase in five years. Companies have been cutting costs by slashing jobs, leading to a spike in unemployment.

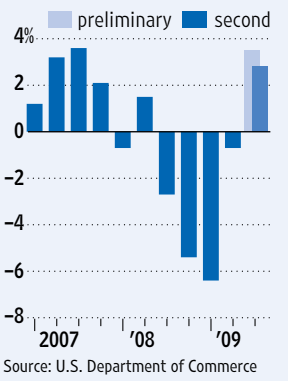
Low inflation and a fragile recovery have led U.S. central bank officials to underscore in recent weeks that interest rates will stay close to a record low near zero.

Although Tuesday's data confirmed that the economy expanded for the first time in more than a year as the government's stimulus boosted consumer spending, the latest report showed that auto purchases in September were lower than had been esti-

Please turn to page 20

Fragile growth

Quarterly change in U.S. GDP, at a seasonally adjusted annual rate



Source: U.S. Department of Commerce

THE WALL STREET JOURNAL.

9 770377 962000 ISSN 0377-9920

PAGE TWO

What's News—

* * *

Business & Finance

■ **The U.S. government** insurance fund that protects more than $4.5 trillion of bank deposits fell into the red at the end of September. Fifty banks collapsed during the third quarter, the highest quarterly total since 1990. 8

■ **The Bank of Japan raised** its assessment of the nation's economy for the third consecutive month, although it doesn't signal a change in the central bank's easy monetary stance. 3

■ **Galleon's Raj Rajaratnam** denied he received or traded on material, nonpublic information about Google or other companies as alleged in the SEC's civil insider-trading case. 23

■ **Japanese trading house Mitsui** said it sold all its common shares in Japan Airlines, adding to uncertainty over the company that sent its shares down 8.4%. 21

■ **Some of China's** state-controlled lenders are considering ways to boost capital, anticipating stricter rules as a lending boom fuels concern about bad loans. 23

■ **Lloyds priced** its rights issue at 61 cents a share, a 60% discount from Monday's closing price. 30

■ **State-run Korea Deposit** Insurance Corp. sold a 7% stake in Woori Finance for $751.4 million, in pursuit of eventual privatization of the holding company. 27

■ **Nomura International** was fined $2.9 million by the U.K.'s FSA for inadequate systems and controls that allowed a trader to mismark positions in its equity derivatives book. 23

■ **Some U.S. officials** are pressing the pay czar to ease up on compensation restrictions at AIG, arguing that the firm would suffer if the curbs are too severe. 28

■ **U.S. stocks fell modestly** as a better-than-expected improvement in consumer confidence offset a warning from China's banking regulator. China's benchmark index fell 3.4%. 31

Justice for the Victims Of the Maguindanao Massacre
Victims Of the Maguindanao Massacre
Justice for the Victims Of the Maguindanao Massacre

Agence France-Presse/Getty Images

Philippine President Gloria Macapagal Arroyo declared a state of emergency in two provinces in Mindanao following Monday's election-related massacre of journalists, lawyers and political activists, as the death toll rose to 46. Student journalists held a rally Tuesday in Manila, above, denouncing the violence. Page 4

■ **Russia cut its key interest rate** to 9% from 9.5% in an attempt to stimulate bank lending and turn back a wave of speculative capital that has flooded the ruble. 7

■ **The euro zone economy's** patchy recovery is continuing, with data showing improvement in German business confidence and French household spending. 7

■ **Australian telecom company** Telstra won't go ahead with a planned domestic debt issue after investors expressed caution amid regulatory uncertainty. 23

■ **H-P's quarterly profit rose** 14% as cost cutting boosted profit margins in its services business and offset lower sales in its computer and printer divisions. 12

■ **GM's sale of its Saab unit** has fallen through after the brand's expected buyer, Scandinavian auto maker Koenigsegg, pulled the plug on the deal. 24

■ **U.S. consumers** are generally cautious heading into the holiday shopping season. 21

* * *

World-Wide

■ **Australia's opposition leader** said he will back a government proposal to cap emissions. 4

■ **The number of people infected** with the AIDS virus world-wide has stabilized, while new cases and deaths have declined, according to a U.N. report. 8

■ **China executed two people** for their roles in the sale of contaminated baby formula that killed six babies and sickened more than 300,000. The severe punishments were meant to assuage public anger and reassure importers.

■ **Died: Samak Sundaravej**, 74, a right-wing politician who served a brief term as Thailand's prime minister last year.

ONLINE TODAY

Most read in Asia

1. Climate Emails Stoke Debate
2. China Money Leaks Offshore
3. Discontent in Japan's Anime Studios
4. Volunteers Log Off as Wikipedia Ages
5. Opinion: President Obama Didn't Impress Asia

Most emailed in Asia

1. The Henry Ford of Heart Surgery
2. Discontent in Japan's Anime Studios
3. China Money Leaks Offshore
4. Opinion: President Obama Didn't Impress Asia
5. Mobile Entertainment Is Hit in India

China Real Time

blogs.wsj.com/chinarealtime

China will claim half of the global online game market by 2012, a Beijing-based data analysis firm says.

Continuing coverage

Follow Indian Prime Minister Manmohan Singh's visit to Washington at **india.wsj.com**.

Management 2.0

blogs.wsj.com/management

Do you feel hamstrung by your company's IT policies? If so, you're not alone.

Inside

Property: Real-estate investors focus on where China shops **10**

In Depth: A factory model for heart surgery in India. **16-17**

Business & Finance: HSBC gives the boot to gold bugs. **24**

Heard on the Street: Beijing's hot money headache. **36**

THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 3595 7555; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

ADVERTISING SALES worldwide through Dow Jones International. Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 3292 4151; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176. Or email: wsja.publisher@dowjones.com

Trademarks appearing herein are used under license from Dow Jones & Company. USPS 337-350ISSN 0377-9920

WORLD NEWS

BOJ lifts view, but tone is cautious

By Megumi Fujikawa

TOKYO—The Bank of Japan raised its assessment of the nation's broad economy for the third consecutive month in November, saying the nation's economy "is picking up," although the economic upgrade doesn't signal a change in the central bank's easy monetary stance.

The mixed position suggests the bank isn't yet fully confident about the economic outlook, and so it is expected to maintain its policy interest-rate target unchanged at a super-easy level. The November report comes after the BOJ's policy board voted unanimously Friday to leave the target rate at 0.1%.

"Japan's economic conditions are likely to continue improving, although the pace of improvement is likely to remain moderate for the time being," the BOJ said in its monthly economic report released Tuesday.

The central bank attributed the upturn to economic support measures at home and abroad. At the same time, it cautioned that a "self-sustaining recovery" in domestic demand remains weak.

The BOJ was optimistic regarding major segments of the Japanese economy, saying that the decline in business investment is coming to an end and that private consumption is picking up thanks to economic support measures.

As for consumer prices, the report said year-to-year drops are expected to moderate toward year-end.

Still, according to its latest outlook report released late October, the BOJ predicts Japan's economy to stay under deflationary pressure at least during this and the next two fiscal years.

The Japanese government on Friday declared that the country is in "mild deflation" for the first time since mid-2006. Finance Minister Hirohisa Fujii said Tuesday that "deflation is a problem which should be addressed by the monetary [side]."

"I support Deputy Prime Minister [Naoto] Kan's stance that the government will exchange views and find a solution with the BOJ," Mr. Fujii added.

His remarks add to views that the government wants the BOJ to play a more active role in tackling the deflation trend.

Mr. Kan, in charge of setting the overall framework of the government's economic policy, was more blunt Friday in his requests to the BOJ, saying that he wants the central bank to "follow through with its monetary policies" as it is a "bit too early [for the BOJ] to implement any exit strategies."

BOJ Gov. Masaaki Shirakawa, at a postmeeting news conference Friday, sounded doubtful about the effectiveness of expanding liquidity measures, saying that monetary provision alone wouldn't help raise prices while demand remains weak.

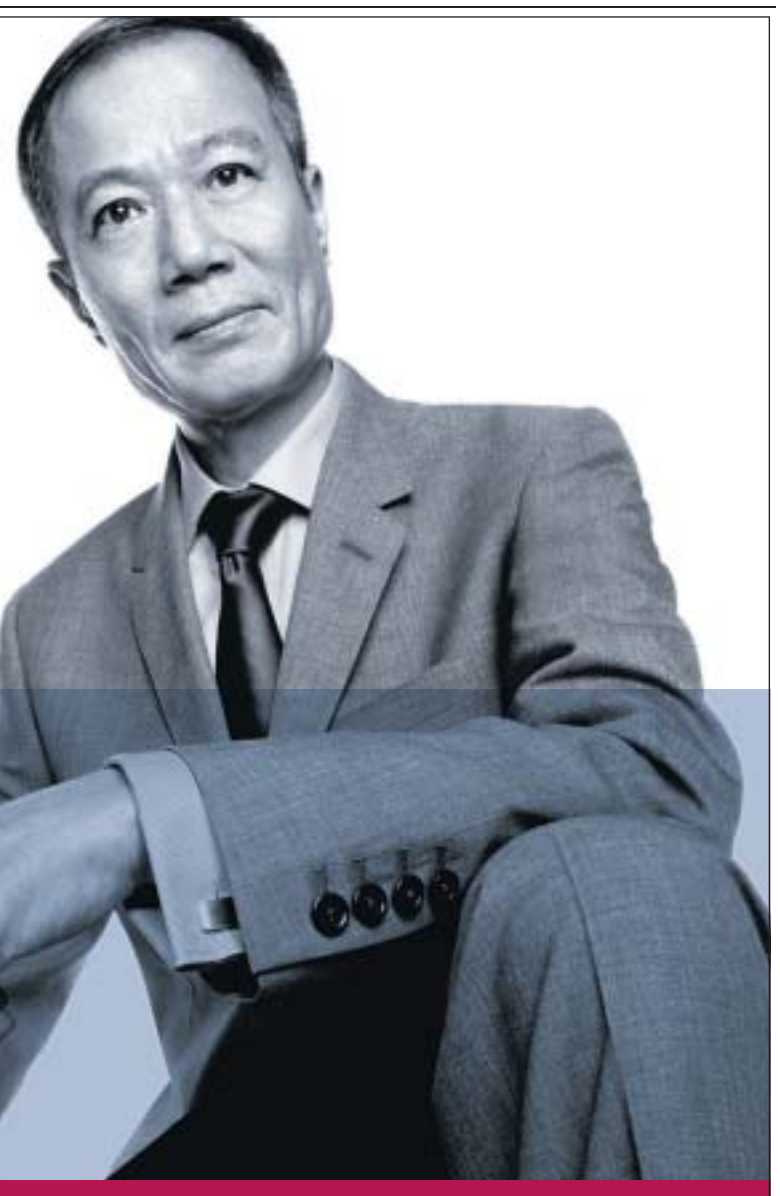
Government data showed that Japan's core consumer-price index declined 2.3% in September from a year earlier, marking the seventh straight month of decline. The October consumer-price figure is due Nov. 27.

The BOJ, meanwhile, kept its assessment of financial conditions unchanged from the previous month, saying there are signs of improvement with some severity lingering.

—Takeshi Takeuchi contributed to this article.

Reuters

The Bank of Japan, while raising its assessment of the nation's economy, said a 'self-sustaining recovery' in domestic demand remains weak.



50 year-old business
3 generations
2 safe hands
One Credit Suisse
working for your future

People are not made of numbers. They are made of hopes and dreams, passions and partnerships, talent and tenacity. We strive to see beyond the numbers and understand what success means to our clients, to deliver what really matters. Credit Suisse, working to help its clients thrive since 1856.
credit-suisse.com

CREDIT SUISSE

Death toll in Philippines climbs to 46

As investigators look into election-related killings, Arroyo imposes state of emergency on two provinces in Mindanao

By James Hookway

The death toll in one of the Philippines' worst cases of election violence rose to at least 46 people Tuesday, police said, and President Gloria Macapagal Arroyo declared a state of emergency to give security forces a freer hand in tracking down the gunmen responsible for the massacre.

President Arroyo's press secretary, Cerge Remonde, said the emergency powers will enable police to conduct warrantless searches of people and property. The powers also will allow the military to pursue those who abducted and killed dozens of journalists, lawyers and political activists Monday en route to register a local vice mayor as a candidate for provincial governor in next year's election.

In a telephone interview, Mr. Remonde said two provinces—Maguindanao and its neighbor to the south, Sultan Kudarat—on the restive southern island of Mindanao will remain in a state of emergency until law and order is restored. The emergency measure also includes Cotabato, an independent city near the northern border of Maguindanao.

"The president is outraged and has ordered an impartial investigation," Mr. Remonde said. On Tuesday night the government hadn't detained any suspects and was pursuing leads, officials said.

The killings happened in Maguindanao, part of the Autonomous Region in Muslim Mindanao, a region on Mindanao, the Philippines' second-largest island.

Political analysts say Monday's massacre could be a consequence of successive national governments' open support for local militias and clan leaders to help contain Muslim and communist insurgents in the area.

Philippine authorities on Tuesday recovered more bodies following the massacre Monday in Maguindanao province.

Getty Images

The southern Philippines has been a hotbed of violence for decades and has served as a staging and training ground for al Qaeda-linked terrorists in the region. It also is home to long-running Muslim and communist insurgencies.

The few major cities there are separated by swaths of land where a handful of families intermittently battle for political power. For decades, the national government in Manila has run programs to help organize family or clan leaders to limit the sway of Muslim and communist rebels. Manila has allowed local governments and police forces to tap militias to contain the insurgencies, and, in some cases, has provided arms.

Mr. Remonde described the militias as "force multipliers" and says they have been effective in helping control insurgencies. He acknowledges the practice sometimes leads to human-rights abuses—especially when rival families vie for power.

"The political leaders in Manila seem content to use clan leaders and vigilantes as a sort of defense force, without considering how they can war amongst themselves and engage in horrible acts of violence," says Julkifli Wadi, an Islamic studies professor at the University of the Philippines. "We're now reaping the fruits of this short-term expediency."

Investigators say they are treating Monday's massacre as a fresh escalation of a long-running local feud between the Mangudadatu and Ampatuan families.

Tensions flared this year when a local vice mayor, Ismail Mangudadatu, said he was planning to run for governor of the province, which is dominated by members of the Ampatuan family. The province's most recent elected governor is from the Ampatuan family.

On Monday morning, Mr. Mangudadatu's wife, his two sisters and other family members were on their way to register him as a gubernatorial candidate in the provincial capital, Shariff Aguak. The family members rode in a convoy of five vans, accompanied by news reporters, lawyers, and political aides. The convoy never arrived in the capital.

Instead, investigators say, dozens of armed men hijacked the group, took them to a remote hillside and shot or hacked them to death.

Police Chief Superintendent Josefino Cataluna said 46 bodies had been recovered by Tuesday evening, including 24 recovered on Monday, the Associated Press reported.

Mr. Mangadadatu wasn't in the convoy. In local television interviews Monday, he accused political rivals in the Ampatuan family of carrying out the slaughter. Members of the Ampatuan family couldn't be reached to comment. Investigators say they believe family members are in hiding.

A Maguindanao policeman, Sukarno Dicay, has been dismissed from his post, a national police spokesman said Tuesday. Investigators detained Mr. Dicay and say they plan to question him after witnesses said the policeman was at the scene of the abduction along with members of a civilian militia.

Mr. Dicay couldn't be reached to comment.

Monday's massacre has raised fears of more violence as the Philippines approaches elections in May, when about 17,800 national and local contests will be decided. During 2007's midterm elections, 126 people were killed; in 2004, 189 people died in election-related violence.

Australian opposition backs carbon caps

By Rachel Pannett

CANBERRA—Australia's opposition leader said he will rally support to pass a government plan to cap the country's greenhouse-gas emissions after Prime Minister Kevin Rudd agreed to key compromises aimed at placating critics of the plan.

If Australia's parliament passes the carbon plan into law—which now appears likely—in a vote scheduled this week, Mr. Rudd will have achieved a significant political victory as other nations struggle to contain carbon emissions world-wide. A similar plan has moved slowly in the U.S. Senate, and talks between world leaders to carve out a new global pact to replace the Kyoto Protocol in Copenhagen next month appear unlikely to yield a binding deal.

Australia is the biggest per-capita polluter in the developed world because it uses fossil fuels, chiefly coal, for around 90% of its electricity generation. Like the U.S., Australia is a heavily industrialized economy that has previously resisted capping emissions for fear it could crimp economic growth.

Following weeks of discussions between the government and opposition Liberal-National coalition negotiators, Mr. Rudd and Climate Change Minister Penny Wong offered seven billion Australian dollars (US$6.48 billion) in compensation, including loan guarantees and other assistance for coal miners, electricity generators, liquefied natural-gas projects and others. They also offered to permanently exclude agriculture from the program.

Liberal Party leader Malcolm Turnbull told reporters the government made the offers on the condition that its carbon program would pass this year "and that's certainly what we expect the Senate to do."

The plan is "good for the environment, it is good for farmers, and it offers us one of the best near-term opportunities for carbon-dioxide abatement," the opposition leader said.

The plan still faces some opposition, including from mining companies as well as some environmentalists who believe the latest compromises weaken the plan. But Mr. Turnbull's support greatly increases the odds a plan will be approved. Although the governing Labor Party won a majority in Australia's lower house of representatives at the last election, it needs the support of at least seven opposition senators in the country's upper house to pass any new laws—a number Mr. Turnbull is expected to deliver.

If passed, the government plan will see Australia introduce in July 2011 a market-based carbon-trading scheme, similar to one operating in Europe since 2005, forcing the nation's biggest polluters to pay for their greenhouse-gas emissions. The aim, by 2020, is to reduce Australia's emissions by at least 5% from levels at the turn of the century.

Associated Press, left; Reuters

Prime Minister Kevin Rudd, left, and Australia's opposition leader Malcolm Turnbull

Australia accounts for only about 1.5% of global emissions, so any such program would be largely symbolic in the global picture. But it would put further pressure on countries such as the U.S. to accelerate their plans to approve carbon-reduction schemes. One of Mr. Rudd's first acts in office in 2007 was to add Australia to the signatories of the Kyoto Protocol, isolating the U.S. as the only major developed economy not bound by mandatory caps.

Environment groups and industry were united in their skepticism toward Tuesday's deal. Sen. Bob Brown, whose environmentalist Greens Party holds five seats in the upper house Senate, described it as a "black day for the environment," adding that Mr. Rudd has "caved in to the big polluters" at the expense of households. The Greens are expected to vote against the plan.

Meanwhile, the coal industry continued to hold out for a better deal. Queensland Resources Council Chief Executive Michael Roche said the latest compensation package for coal—which saw government support doubled to A$1.5 billion over five years, mainly in the form of free permits for carbon emissions—represents less than 10% of the A$14.5 billion cost the coal industry faces over the next decade if the carbon program is established. Concessions to coal miners also is a large part of the debate in the U.S.

"Every ton of coal not produced in Australia as a result of this tax will simply be produced by our competitors, who are not being penalized in the same way by their governments," Mr. Roche said.

Opposition lawmakers rejected an earlier version of the legislation in August. Key changes since then include making 75% more free permits for carbon emissions available to electricity generators, and extending the compensation period for the sector to 10 years from five years in a package now valued at A$7.3 billion, up from around A$3.9 billion.

The government could also offer assistance in the form of loan guarantees or indemnities in cases where the financial distress caused by the plan could expose electricity suppliers to losses and cause a "significant systemic risk to physical electricity supply." It also will set up a A$1.1 billion fund to compensate industries, including coal miners and metal-ore miners, as well as manufacturers, for higher electricity costs.

A LEGENDARY VISUAL ARTIST FROM GERMANY.

A REMARKABLE, YOUNG TALENT FROM JAPAN.

WHAT DREW THEM TOGETHER?

THE ROLEX MENTOR *and* PROTÉGÉ ARTS INITIATIVE

Drawing. Separated by two fundamentally different languages and cultures, Rebecca Horn and Masanori Handa connected immediately through their sketches. "He made a drawing and I made a drawing. This is often the way to communicate with each other," says Horn. The two were brought together through the Rolex Mentor and Protégé Arts Initiative – a programme that offers gifted, young individuals across a range of artistic disciplines a year-long tutelage beside an established master. Horn encouraged Handa to move to an apartment in Berlin where he transformed the space into a stunning work of art. "He really created something new in his different rooms in Berlin," Horn says. "Everything there was so Masanori."

DANCE
JIŘÍ KYLIÁN
JASON AKIRA SOMMA

FILM
MARTIN SCORSESE
CELINA MURGA

LITERATURE
WOLE SOYINKA
TARA JUNE WINCH

MUSIC
YOUSSOU N'DOUR
AURELIO MARTÍNEZ

THEATRE
KATE VALK
NAHUEL PEREZ BISCAYART

VISUAL ARTS
REBECCA HORN
MASANORI HANDA

ROLEXMENTORPROTEGE.COM

ROLEX

Militant group remains potent force

A year after its attack in Mumbai, Pakistan-based Lashkar-e-Taiba is still determined to hit India and the West

By Matthew Rosenberg

ISLAMABAD—The Islamist militant group behind the deadly attack in Mumbai one year ago remains a potent force determined to strike India and the West, and a source of acrimony between South Asia's nuclear-armed rivals, say officials and members of the militant faction.

Indian officials and experts say at least six new plots against Mumbai by the Pakistan-based group, Lashkar-e-Taiba, have been disrupted in the 12 months since 10 gunmen wrought three days of havoc on India's financial capital, killing 166 people.

Lashkar's infiltration of India's part of Kashmir is again on the upswing, the officials say; and a U.S. citizen with alleged ties to Lashkar was recently arrested in Chicago, evidence of the group's reach, U.S. officials say.

"Our aims are the same today as they were 10 years ago," said a man who identified himself as a former Lashkar militant now working with its charity arm. "We are waging war on the enemies of Islam."

U.S. officials and experts say hitting India remains the primary focus for Lashkar, which was nurtured in the 1990s by Pakistan's Inter-Services Intelligence agency for use as a proxy against Indian forces in the divided Himalayan region of Kashmir. Pakistan banned the group in 2002 and officials here say they cut ties with it at the time.

But no one disputes that Lashkar continued to operate from Pakistan, repeatedly striking Indian targets in recent years. Another Mumbai-style attack, say officials from both countries, risks sparking a fourth war between the neighbors.

At the very least, Lashkar's continued existence presents a major obstacle to peace between the rivals. The tension also jeopardizes U.S. efforts in Afghanistan by keeping the bulk of Pakistan's sizable army focused on India, not the Taliban, say U.S. officials.

Yet Lashkar endures today because Pakistan's pledges to dismantle it in the wake of the Mumbai attack remain largely unfulfilled, say U.S., Indian and some Pakistani officials.

The group's long ties to Pakistan's powerful security establishment and the deep roots it has put down in towns and villages through its charity arm leave the government with a difficult challenge. Many Pakistanis still doubt Lashkar's role in the attack, and officials here privately say they fear a popular backlash if they move too forcefully against the group.

Pakistani officials also worry about taking on a potent enemy as they are trying to beat back the Taliban, which has killed hundreds of people in terrorist attacks in Pakistan since early October.

U.S. officials and analysts also say factions within Pakistan's military still see Lashkar as a potential weapon to be used in any future conflicts with India. Lashkar "has historically been Pakistan's most reliable proxy against India and elements within the military clearly wish to maintain this capability," according to a report this week by security analyst Stephen Tankel in the CTC Sentinel, published by the Combating Terrorism Center at the U.S. Military Academy at West Point.

Associated Press

A soldier outside the burning Taj hotel in Mumbai on Nov. 27, 2008. The Taj was one of the sites targeted in India's business capital during the three-day terrorist siege.

Path of justice

■ **Nov. 26, 2008:** Ten men begin a gun-and-grenade assault on targets in Mumbai that will last nearly three days and leave more than 170 people dead, including nine gunmen. India and the U.S. soon determine the attack was planned by Pakistan-based militant group Lashkar-e-Taiba.

■ **Dec. 10:** As Pakistan begins arresting suspected members of Lashkar—which was banned in 2002 but allowed to continue operating—the United Nations puts financial sanctions on the group's charity front, Jamaat-ud-Dawa. On Dec. 11, Pakistan moves against the charity, arresting the group's leaders and shutting offices. Islamabad has yet to acknowledge any Pakistani source of the attack.

■ **Jan. 5, 2009:** India gives Pakistan its first dossier of what it says is evidence that Lashkar orchestrated the Mumbai attack. The two countries have since exchanged additional dossiers, although each side has repeatedly complained that the other has provided insufficient information.

■ **Jan. 6:** After weeks of denials, Pakistan acknowledges that the lone gunman captured by Indian police in Mumbai, Mohammed Ajmal Kasab, is a Pakistani citizen.

■ **Feb. 12:** Pakistan publicly acknowledges for the first time that the Mumbai attack was partly planned on its soil and says it has arrested most of the key plotters, including Lashkar's alleged operations chief, Zaki ur-Rehman Lakhvi.

■ **June 2:** A Pakistani court orders the founder of Lashkar, Hafiz Mohammed Saeed, released from house arrest, finding that the government doesn't have enough evidence to hold him. Mr. Saeed maintains that he runs nothing more than a charity.

■ **July 20:** Mr. Kasab, the alleged attacker on trial in Mumbai, confesses in open court that he took part in the assault. He says he was trained for the attack by Lashkar in Pakistan.

Pakistan, following India and the U.S., concluded in the weeks after the Mumbai attack that it was carried out by Lashkar. Islamabad moved against the group, arresting dozens of people and banning its charity wing, Jamaat-ud-Dawa.

But most of those arrested have since been released and the trial of seven still-jailed Lashkar suspects, including the group's alleged chief of operations, has been repeatedly delayed.

U.S. officials, experts and Lashkar members say the group's few thousand fighters are still training at camps and safe houses, many of them in Pakistan's part of Kashmir.

Money is still flowing into its charity arm, which is now operating under a new name, Falah-i-Insaniat, according to Western officials and members of the group. The charity is best known for aiding victims of the 2005 earthquake and refugees from a Pakistani army offensive against the Taliban in the Swat Valley this year.

India and Pakistan have exchanged a series of dossiers detailing what they know about the attack's planning and execution, but each side complains the information provided by the other is insufficient.

Pakistani officials, for example, say India hasn't given them enough evidence to try Lashkar's founder, Hafiz Mohammaed Saeed, who has been in and out of house arrest since the attack. On Friday, Mr. Saeed preached a sermon to thousands of followers at the Jamia al Qadisa Mosque in the eastern city of Lahore. Mr. Saeed delivered the message of defiance to India and the West without directly calling for violence.

"No power on the earth can defeat Muslims if they follow the God's path," preached Mr. Saeed, who says he runs a charity, and nothing more. "You can see what has happened to the American forces in Iraq and Afghanistan."

Pakistani officials say men awaiting trial are the key players in the group, especially the alleged operations chief, Zaki ur-Rehman Lakhvi.

"Pakistan's political and military leadership endeavors to bring all terrorists, including those involved in Mumbai attack, to justice.... Any reports to the contrary are false and misleading," said Farahnaz Ispahani, a spokeswoman for Pakistani President Asif Ali Zardari. "The least we seek from the international community is recognition of our struggles."

U.S. officials say Pakistan's civilian leadership—especially President Zardari and Prime Minister Yousuf Raza Gilani—remains committed to dismantling Lashkar. They are far less certain about Pakistan's military and its spy agency, the ISI. Both deny aiding Lashkar.

"There's still a relationship there. How the relationship works, what's the exact connection—we don't know," said a U.S. intelligence official.

Most Islamist groups nurtured in the 1990s by the ISI, including Lashkar, were banned in the years after 2001, when Pakistan sided with U.S. against the Taliban and al Qaeda and later began a fitful peace process with India. Some have since faded away while others have turned on Pakistan, launching suicide attacks in cities and fighting alongside the Taliban in the mountains of the northwest.

An ISI officer said "maybe a handful" of retired officers work with Lashkar. The officer said the agency maintains informal contacts needed to monitor the group.

"If we'd been allowed to keep the relationship we used to have we'd still be able to keep some control," the officer said, "Now we can't do anything."

The officer added that Pakistan is facing multiple Taliban attacks every week and has to prioritize when it comes to moving against militants. "Which choice do you think we should make? Defend ourselves or defend India?" he said.

—Zahid Hussain in Lahore contributed to this article.

Euro zone maintains uneven recovery

Merkel to extend labor subsidies despite a sharp rise in German business confidence; French consumer spending grows

By Marcus Walker And Patrick McGroarty

BERLIN—The euro-zone economy's patchy recovery is continuing in the current quarter, according to data published Tuesday that showed more improvement in German business confidence and French household spending.

But French business confidence stagnated, and the uncertain outlook for Germany next year is prompting Chancellor Angela Merkel's government to extend labor-market subsidies that have kept a lid on rising unemployment.

Germany's Ifo index of business confidence, a closely watched leading indicator for Europe's biggest economy, rose sharply this month, reaching its highest level in more than a year. The index stood at 93.9 in November, up from 92.0 in October, as companies reported an improving outlook for exports.

French consumer spending, an important pillar of the euro-zone economy, improved by more than expected in October, with purchases of goods rising 1.1% from a month earlier. Clothing and household equipment led the improvement, partially allaying fears that the recovery might rest only on car sales pumped up by short-lived subsidies.

French industry sentiment was unchanged in November, according to a separate French survey by national statistics agency Insee. Companies said they expected their business to stay subdued in coming months, Insee said.

Reuters

German Chancellor Angela Merkel addresses the Association of German Employers in Berlin Tuesday. She said the German economy wasn't yet out of its trough and warned that protectionism posed the biggest problem for the world economy.

Germany's government confirmed its earlier estimate of third-quarter economic growth, saying the country's economy expanded by 0.7%, thanks to businesses investing more and cutting inventory more slowly than before.

Ms. Merkel's cabinet is expected to approve a proposal on Wednesday to prolong government subsidies for so-called Kurzarbeit, or short-shift work at companies suffering from the recession. Under the short-hours program, companies can get aid to cover part of the cost of workers who have too little to do, thanks to the plunge in global demand for German goods in the past year. Business groups and economists say the policy has helped companies minimize layoffs during the recession.

"We're not yet out of the trough," Ms. Merkel told a business conference in Berlin Tuesday. "It's next to impossible to predict how the international economic situation will develop," she said.

The chancellor said she supports her labor minister's proposal, announced over the weekend, to offer short-shift work subsidies for as long as 18 months to companies that apply for them next year.

Currently, the program offers subsidies for as long as two years for companies that apply before the end of this year. Wednesday's expected decision "prolongs a proven measure," said Alexander Koch, an economist at UniCredit in Munich. "It makes sense to extend it because of the uncertainty about how strong and enduring the recovery will be," he said.

German unemployment, at 8.1% of the labor force, is only half a percentage point higher than a year ago. However, German politicians are worried that unemployment could worsen sharply in 2010, as companies cut back idle production capacity.

Germany's auto sector in particular could suffer next year, economists say, because the country's cash-for-clunkers incentives that gave car sales a huge boost earlier this year have ended.

The overall picture in European industry is brightening. Euro-zone manufacturers' new orders rose 1.5% in September from August, the sixth straight monthly rise, the European Union's statistics arm Eurostat said.

Factory orders were 16.5% lower than in September 2008, showing the gap that Europe's industry still has to close to reach prerecession activity levels.

Russia lowers rates to stimulate lending

By Ira Iosebashvili

MOSCOW—Russia's central bank cut its key interest rates by 0.5 percentage point Tuesday in an attempt to stimulate bank lending and turn back the wave of speculative capital that has flooded the ruble in recent months.

"A reduction in the difference between foreign and domestic rates will help contain the strengthening ruble," the bank said in a statement.

> Analysts say the latest cuts will do little to keep market participants away from the ruble.

The reduction in the refinancing rate—the benchmark to which commercial banks tie their deposit rates—to a historic low of 9% is effective Wednesday. Other key rates, such as the one-day repurchase rate on central-bank loans, were also cut. Russia has cut rates by four percentage points since April.

The ruble has strengthened around 27% against the dollar since hitting its weakest level at 36.36 rubles in February, pushed higher by rising oil prices and a flood of speculative capital seeking to take advantage of Russian interest rates, which are several times higher than those found in Group of Seven countries.

The expected rate cut failed to shift the ruble rate. The dollar was holding steady at 28.870 rubles Tuesday, well within its range of recent days. Similarly, the euro was little changed at 43.152 rubles.

Analysts say the latest cuts will do little to keep market participants away from the ruble. "Interest rates are high no matter how you slice it," said Metropol brokerage firm's Mark Rubinstein. "The carry trade is still going to attract investors." In a carry trade, an investor borrows in currencies that are expected to have low interest rates over the medium term to buy currencies that are expected to have higher interest rates.

The central bank has tried to head off the ruble's appreciation by buying more than $16 billion of foreign currency in October and the first half of November and cutting the refinancing rate nine times since April.

But the measures have done little to stop the strength of the ruble, which has risen by around 10% against the dollar since September, leading the central bank to hint at other strategies, including limiting foreign borrowing by state-owned companies and imposing a tax on cross-border currency transactions.

The rate cuts have done equally little to stimulate bank lending, which ground to a halt as Russia was hit with its first recession in a decade. Central-bank data show that loans to corporations fell by 0.7% in September from August, while loans to consumers shrank by 1.1% in the period.

50 YEARS AGO,
WE REVOLUTIONIZED
FINANCE.
NOW WE'RE ON
TO MARKETING.

In 1960, we created the first comprehensive stock market database, and transformed finance from a guild into a science. Now we're the academic home of Nielsen Homescan data, the foremost collection of product purchase information. So get ready for history to be made all over again—which is exactly what you'd expect from the business school that's a business *force*.

CHICAGO BOOTH

The University of Chicago Booth School of Business

CHICAGO LONDON SINGAPORE CHICAGOBOOTH.EDU

WORLD NEWS

HIV-infected population stabilizes

U.N. report says deaths and new cases are falling as access to treatment improves; notes changing pattern of epidemic

By Gordon Fairclough

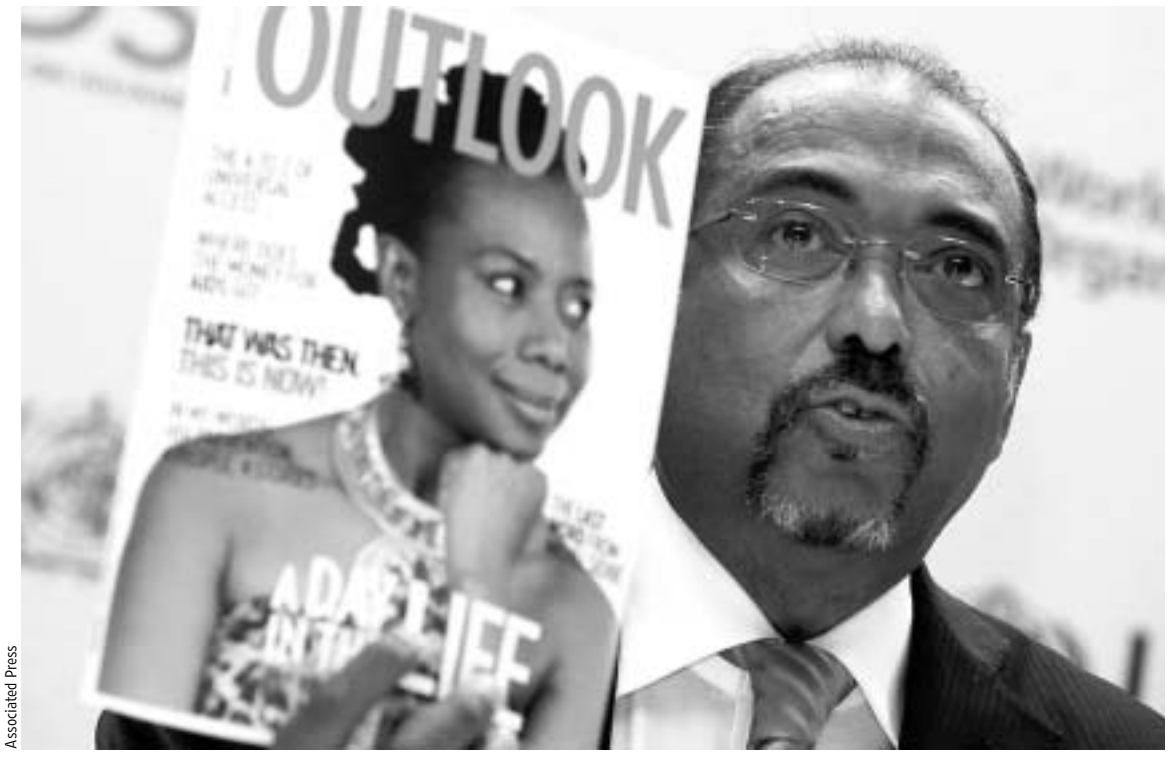
SHANGHAI—The number of people around the world infected with the virus that causes AIDS has stabilized at roughly 33 million, as new infections have declined and wider access to treatment has reduced the annual death toll of the disease, according to the United Nations' annual report on the epidemic.

But officials warned that changing patterns in the spread of the disease will require health authorities to adjust their tactics to contain it.

Between 2001 and 2008, the number of annual new infections fell 17%, according to the report, issued here Tuesday by UNAIDS and the World Health Organization, while annual AIDS-related deaths fell by about 10% between 2004 and 2008. About four million people are now receiving anti-AIDS medicines, a tenfold increase in five years.

"We are making progress," said Michel Sidibé, the executive director of the U.N.'s joint AIDS program. But he added, "We are seeing a shift in the nature of the epidemic in many places," which will require new approaches by public-health authorities.

In 2008, two million people died of AIDS, while 2.7 million people were newly infected with HIV, the virus that causes the disease, the report said. The U.N. report said "AIDS continues to be a major public-health priority" and called for more funds to support efforts to curb the epidemic and to distribute lifesaving drugs.



Associated Press

Michel Sidibé, executive director of the Joint U.N. Program on HIV/AIDS, presents the U.N.'s annual AIDS-HIV report at a news conference Tuesday in Shanghai. He said shifts in the epidemic prompted changes in prevention programs.

Mr. Sidibé said international organizations and others working on AIDS prevention and treatment measures need to do a better job of integrating their programs with broader public-health efforts, to make the best possible use of available resources.

"We are at a special moment now. We need to be smarter. We need to be able to produce more with less," Mr. Sidibé said.

Mr. Sidibé's comments appeared addressed, at least in part, at criticism by some public-health experts of the amount of funding devoted to AIDS, compared with that spent on other widespread and deadly threats such as malaria, pneumonia and diarrhea.

The U.N. report also suggested that health authorities need to remain vigilant and nimble to focus resources on those most at risk—population groups that can change over time in many countries.

In China, for example, most new infections now result from heterosexual sex, rather than from intravenous drug use, as was the case in the past. The increase in HIV infection among gay men in China also has been sharp, leaving the government and nonprofit groups scrambling to adjust prevention campaigns.

China's health minister, Chen Zhu, on hand for the release of the report, said the government would cooperate with nongovernmental organizations to "further enhance our work on high-risk populations," including among gay men, something he acknowledged would require an effort to overcome "discrimination and stigma."

Mr. Sidibé said that after meetings with Mr. Chen and other Chinese officials, he was impressed by their "energy and pragmatism" in dealing with AIDS. He pointed to China's stark shift in drug policy in response to the epidemic. The country rapidly moved to make methadone available to addicts to reduce the risks of HIV transmission from injecting heroin.

Get the TIME.com BlackBerry® App!
Download The Free App To Read TIME.com On The Go

- **Get the latest news**, analysis and commentary
- **Stay connected** to TIME's influential bloggers
- **Browse award-winning photos** – new galleries posted daily
- **Check out the daily Top 10 Lists** ranking entertainment, politics and more
- **Personalize your home page** with sections ranging from World News to Nerd World

Get the updates automatically pushed out to your BlackBerry® smartphone. It works outside of network coverage so you can read TIME.com wherever you are.

Download it now at
app.time.com

TIME.com

BlackBerry®, RIM®, Research In Motion®, SureType® and SurePress™ and related trademarks, names and logos are the property of Research In Motion Limited and are registered and/or used in the U.S. and countries around the world. ©2009 Time Inc. TIME is a registered trademark of Time Inc.

Bank insurance fund falls into red in U.S.

By Jessica Holzer

WASHINGTON—The government insurance fund that protects more than $4.5 trillion of U.S. bank deposits slipped into the red at the end of September, after 50 banks collapsed during the third quarter.

The Federal Deposit Insurance Corp. also said that loan balances dropped by $210.4 billion, or 2.8%, in the third quarter—the largest percentage drop on record as banks yanked back credit and saw reduced loan demand. Balances declined across all major loan categories, with commercial and industrial loans falling by $89.1 billion, or 6.5%.

"There is no question that credit availability is an important issue for the economic recovery," said FDIC Chairman Sheila Bair. "We need to see banks making more loans to their business customers."

The deposit-insurance fund dropped by $18.6 billion during the third quarter to negative $8.2 billion, as the FDIC set aside $21.7 billion in provisions for additional bank failures. This is the second time in the agency's history that the balance has fallen into negative territory.

The FDIC has already called on the industry to prepay $45 billion in assessments at the end of the year that will be set aside to cover the cost of bank failures in 2010.

The 50 bank failures in the third quarter was the largest such total since 55 banks went bust during the second quarter of 1990. The FDIC's list of "problem" banks swelled to 552 at the end of September, its highest level in 16 years and up from 416 in June.

Despite the turmoil in the industry, banks posted a modest $2.8 billion profit in the third quarter of 2009, as their securities portfolios recovered and banks with less than $10 billion in assets saw margins improve. Bank profits were more than triple the $879 million they earned in the third quarter of 2008 and improved from a $4.3 billion loss in the second quarter of 2009.

By clamping down on credit and shifting to less risky assets, banks continued to repair their capital cushions during the third quarter. Of the more than 8,000 banks and thrifts analyzed in the FDIC's report, 96% were well-capitalized. Meanwhile, average industry regulatory capital ratios hit their highest levels in 19 years at the end of September.

Profits were damped by heavy provisioning for loan losses, as banks continued to grapple with bad loans. U.S. banks wrote off a net $50.8 billion during the quarter, an 80.5% jump from a year earlier. The industry's annualized net charge-off rate rose to 2.71%, up from 1.43% a year earlier. That is the highest since records began in 1984.

Meanwhile, noncurrent loans continued to climb during the quarter, but the rate of growth of such loans slowed for the second quarter in a row. Noncurrent loans increased by 10.5% to $366.6 billion during the third quarter.

Playboy farms out business duties

AMI will handle ad sales, distribution as title seeks to save scant cash and even as it entertains overtures from suitors

By Russell Adams

Playboy Enterprises Inc. has agreed to outsource most of the business operations of its namesake magazine, as it seeks to stem losses and restore the cachet that helped embed the brand in the popular culture.

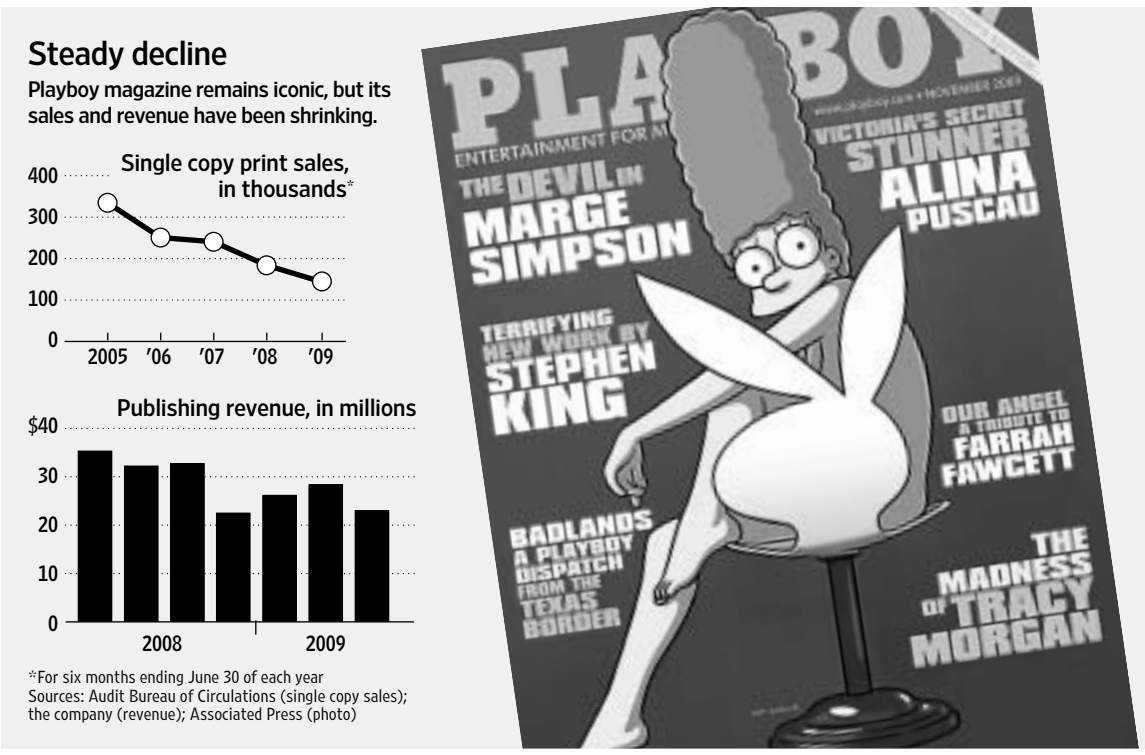
Under the deal, reached last week, Playboy will turn over all the magazine's operations except the editorial ones to American Media Inc. AMI, of Boca Raton, Fla., publishes more than a dozen titles, including Star and Men's Fitness. The five-year partnership will help return the magazine to profitability by the end of 2011, said Scott Flanders, chief executive officer of Playboy Enterprises.

Playboy and AMI wouldn't disclose the financial terms of the deal. What it costs Playboy will be based in part on advertising sales, which AMI is taking over. But the partnership will significantly reduce Playboy's costs, Mr. Flanders said. Playboy has roughly 30 full-time employees working in these areas, and while some will be offered jobs at AMI, most will be let go.

The agreement comes even as Playboy entertains overtures to acquire the company. Mr. Flanders declined to comment on a potential sale, but people familiar with the matter say both the company and Hugh Hefner, its founder and editor-in-chief, have investment banks exploring it.

The path to any deal runs through the 83-year-old Mr. Hefner, who controls the company with his majority ownership of its voting shares. Mr. Hefner remains the creative force behind the magazine, choosing every cover and approving every page. He has been reluctant to part with the property but recently told his advisers he wants them to seriously consider any offers, according to people familiar with the matter.

One interested party is Iconix Brand Group Inc., owner of London Fog and other fashion brands that Iconix licenses to manufacturers. The private-equity firm Golden Gate Capital has been in talks with Playboy for months, people familiar with the matter say, but last week the company said it "is not and will not be involved in any way" with an acquisition.



Playboy Enterprises has seen its value tumble with general slump in advertising and the proliferation of men's magazines and Web sites that purvey nudity and other, racier material, often free.

Playboy earned its place in the publishing pantheon by packaging an incongruous mix of nudity, celebrity and literary and journalistic sophistication. A piece by a writer like Norman Mailer or an interview with a figure like Fidel Castro became as natural to Playboy as an A-list celebrity in the centerfold.

In recent years, however, tightening budgets have threatened the magazine's efforts to get starlets to pose nude and to attract big-name writers. Editorial Director Jimmy Jellinek said Playboy is trying to give its covers a stronger celebrity association to create what he calls "newsstand events."

Though Mr. Jellinek said buzz-generating covers need not be costly, Mr. Flanders said freeing up cash for celebrity pictorials is a chief aim of the deal. Actress Tara Reid will pose nude for the first time in the combined January/February issue.

Playboy executives say the company's future is tied to its ability to revive the 56-year-old publication. The company also operates television networks and a licensing business lending the bunny-head logo to everything from energy drinks to casinos. Despite being the only part of the company that loses money, the magazine is still the best-known embodiment of the brand, and the grid from which every other unit draws its power, Mr. Flanders said.

The magazine lost about $13 million in 2008 and will lose roughly $8 million this year, Mr. Flanders said. Despite job cuts and other expense reductions—including reducing the frequency to 10 times a year and cropping 1.1 million off the guaranteed circulation—the magazine was on pace to lose more money in 2010 than it will this year. "It was heading in the wrong direction," he said.

Unlike many publishers, which can use the same production, distribution and ad sales resources for multiple publications, Playboy has to fund these operations largely with revenue from a single magazine. Last year, those functions cost the company over $40 million, more than half the magazine's total expenses.

For AMI, the partnership is a new piece of its quest to control an audience of young men captivated by fitness, fights and women, Chief Executive David Pecker said. AMI now publishes a magazine devoted to the Ultimate Fighting Championship, in addition to Men's Fitness and Flex. It also publishes the National Enquirer.

Meantime, Distribution Services, Inc., a subsidiary of AMI, assists other publishers with functions like newsstand distribution. Clients include Hachette Filipacchi Media and Washington Post Co.'s Newsweek magazine.

French TV struggles to match big-screen success

By Alessandra Galloni

PARIS—France breeds a steady stream of international talent on the big screen, from film director Luc Besson to actress Marion Cotillard, who won an Oscar in 2008 for her portrayal of Edith Piaf in the movie "La Vie en Rose."

But French television hasn't reached such heights. U.S. dramas fill France's prime-time airwaves—and the French are wrangling over the reason. Some say it is financial; others cite cultural taboos.

Last week, the M6 channel tried to shake up the French scene with a new prime-time series, *"L'Internat,"* or "Boarding School." The show is based on the mysterious goings-on at a boarding school housed in a 13th-century chateau with a somber, secret past. During the first episode, a woman escapes from a psychiatric ward and gets a job on the school's staff, and a history professor is murdered.

"French television has to start being bolder, and 'L'Internat' is our attempt to do that," says Jean-Benoît Gillig, a producer and writer of the series, which was produced by French film company Gaumont.

The show didn't bring in as many viewers as the channel had hoped, however. According to audience-measuring company Mèdiamètrie, some 2.5 million people tuned in, compared to the 3.5 to 4 million Mr. Gillig had said the producers were hoping for.

(Left to right) Emilie de la Hosseraye/M6; Associated Press

Marion Cotillard, right, won a 2008 Academy Award—the kind of acclaim that has eluded French TV. The series 'L'Internat' or 'Boarding School,' left, made its debut last week.

One of the reasons France hasn't mastered the art of making TV series is financial. Most of the tax revenue from cultural activities in France comes from television, but is then used to promote French cinema, according to a new study by consultants Ernst & Young.

French TV channels are also required to help finance film production as part of their broadcasting licenses. "Financing cinema is considered a worthier cause," says Bruno Perrin of Ernst & Young.

By contrast, television operators in the U.S. benefit from lower local taxes and more fiscal incentives, says Regis Houriez, co-author of the Ernst study.

Another hurdle for France: Whereas European countries are happy to dub U.S. programs, the U.S. and U.K. have a far-less developed dubbing industry.

There may be deeper cultural taboos at play. French television series, says Pascal Josèphe, head of International Media Consultants Associés, suffer from self-censorship, preferring not to deal with issues such as sex, crime, political incorrectness or even "dark comedy."

Nathalie Laurent, artistic director for fiction at TF1, France's biggest channel by audience and advertising market share, says her channel can't be too cutting-edge. "We are a general entertainment, family channel, so dark comedy is not really for us, nor is sex," she says.

THE PROPERTY REPORT

Focus shifts to malls in smaller China cities

Investors see large profit from building regional shopping centers as mainland incomes grow rapidly

By Joyce Li

HONG KONG—Amid intense investor focus on where China lives and works, some real-estate professionals are looking at where it shops.

Hong Kong-based property-investment firm **Harvest Capital Partners** Ltd. plans a push into shopping malls in China's second- and third-tier cities as a path to growth, said Chief Executive Ren Rong. The company, which is majority owned by the state-controlled **China Resources** conglomerate, manages two international real-estate funds that focus on commercial and residential projects in greater China, with total capital close to US$1 billion.

"Regional shopping centers will become the next winning property sector in China for another 10 to 15 years," Mr. Ren said.

China's commercial-retail sector is also a target for other investors eager to benefit as mainlanders use their rapidly growing income to buy lifestyle products.

U.K. real-estate development and investment firm **Grosvenor** Ltd., which has been selling some residential-property investments in China because the sector is producing less attractive yields than previously, has said it will focus on higher-yielding projects, such as retail properties.

Blue-chip developer **Hang Lung Properties** Ltd.'s chairman, Ronnie Chan, recently said malls in big mainland cities are his favorite investments, adding "all provincial capitals are going to be good places to be at."

Retail properties can be a risky area for many investors. Following previous booms, many of China's big cities have a surplus of retail space.

Agence France Presse/Getty Images

Income growth in second-tier Chongqing has surpassed that of larger cities.

Real-estate firm Jones Lang LaSalle estimates Beijing had a third-quarter retail vacancy rate of 16%. It also expects more supply to come onto the market there and sees little upside potential over the next 12 months in Beijing and Guangzhou.

The interest in retail property also comes amid broad uncertainty about China's outlook. The nation's economic growth has roared back since the global financial crisis, thanks in part to a huge stimulus package. Property prices across 70 large and midsize cities rose 3.9% in October from a year earlier, the fastest annual growth rate this year and a fifth month of rising prices. That has led to concerns that prices will weaken once the stimulus ebbs.

Harvest believes its connections with China Resources, as well as research into local markets, will help it find properties that would hold up despite economic uncertainty.

During the first nine months of 2009, year-on-year income growth in households in second-tier cities such as Chongqing surpassed that of first-tier cities, such as Beijing and Shanghai.

Mr. Ren said also said fund raising is easier than in recent years because foreign investors now favor local managers for their funds. "Different sources of domestic capital are emerging strongly."

Business Real Estate

AUCTIONS

real estate **auction**

FORMER GM FACILITY

Great Lakes Technology Center
4100 South Saginaw Street, Flint, Michigan 48501

SELLS ABSOLUTE

693,000+/- sf Flexible Use Facility

11am EST, December 15th

Properties will be sold to the highest bidder

Dan Falls • 00+1+918.362.7397

Williams & Williams
worldwide real estate auction

williams**auction**.com/greatlakes

MORTGAGES

US REDO MARKETPLACE

Fast, Confidential selling and buying of Real Estate backed Notes & Mortgages.
Online **WWW.USAER.US**
888-433-3086 Ext 824

INVESTMENT PROPERTIES

TAKE ADVANTAGE OF THE LOW U.S. DOLLAR
Invest in Tangible MISSISSIPPI DELTA FARMLAND
Unlike Gold, Farmland Brings Yearly Return
Same Secure Investment Sought By Insurance Companies & Pension Plans
PROPERTY MANAGEMENT AVAILABLE
662-369-9531
www.fischerfarmservices.com

Distinctive Properties & Estates
for more information call,
Call: (852) 2831-2553
(65) 6415-4279 *or* (813) 3292-4151

INVESTMENT PROPERTIES

LAS VEGAS LAND BARGAINS

REO's—NOTE SALES—REPO's
& MOTIVATED SELLER PARCELS.
www.korekland.com

(800) 370-LAND
KOREK LAND COMPANY, INC.
DRE 00861992

UNITED STATES

SPG | Schemmel Property Group

Florida's Gulf Coast
Sarasota/Osprey, Florida, USA
Offered at USD 12,500,000

Incredible waterfront opportunity consisting of approximately 22 bayfront acres (9 hectares). Ideal for development or create the ultimate estate property. Existing dockage plus adjacent deep water marina. Secluded location overlooking the exclusive barrier island of Casey Key.

Signature | Sotheby's International Realty

941.587.4894
SchemmelRealEstate.com
Joel.Schemmel@SothebysRealty.com

BANKRUPTCY AUCTION

Chapter 7 Case No: 09-14451-BKC-RAM
Monday, December 14
"Selling to Highest Bidder in the Entirety as 1 Bid"

MIAMI BEACH, FL INVESTMENT PROPERTY

9 Bldg., 117 Unit Mixed Condo/Apt. Project in South Beach AKA Fairway Village Condominium at Michigan Ave., Alton Rd. & 19th St.

2% Broker Cooperation

SVNAUCTIONS.COM 305.533.2877

Auction conducted by AmeriBid, FL, L.L.C. in Coop. w/Cushman & Wakefield • Louis B. Fisher III, AU220

UNITED STATES

FLORIDA/GEORGIA TIMBERLAND

17,500 Acre timberland investment package. Located in Northwest FL and SW Georgia near Tallahassee, Florida. Abundant road frontage, excellent hunting/recreation possibilities, and an outstanding timberland investment.
For additional information, contact John White or Ralph Long.
478-987-9700
St Regis Paper Company

Santa Barbara, CA Downtown!
Office/Mixed Use Bldg.
High visibility
9,200 Sqft. 2 Story, w/parking lot.
Great Price, Great Terms!
Anxious Seller!
$4,595,000
Bernie MacElhenny, Exclusive.
(805) 692-2807
(805) 705-8542

MAKE GREAT CONNECTIONS IN ASIA. THE WALL STREET JOURNAL ASIA.

To advertise
Brian Tong
Sales Director
Classified Advertising
The Wall Street Journal Asia
Hong Kong: 852 2831 2552
Fax: 852 2574 2618
Singapore: 65 6415 4279
Fax: 65 6225 5039
brian.tong@dowjones.com

THE WALL STREET JOURNAL. ASIA

ON OTHER FRONTS

U.S. leader finds that golf is no slam dunk

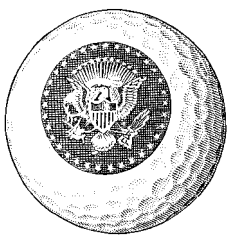
A star on the basketball court, Obama is called a hacker on the course; fans miss the 'original guy'

By Elizabeth Williamson

One day last summer, Gene Mulak, observing carnage in the sand trap, decided it was time to rescue the Leader of the Free World.

"Open the clubface more!" the golf pro yelled to President Barack Obama. A rank of bodyguards stiffened when they heard the shouting, but the commander-in-chief continued to hack away, sand flying, recalls Mr. Mulak, a resident professional at the Vineyard Golf Club in Martha's Vineyard, Mass.

Mr. Obama waved off the guards and welcomed Mr. Mulak into the pit. The pro says he gave the president tips on his golf stance and his swing, both of which were conspiring against him. "He would have had trouble getting out of any bunker in the country," concludes Mr. Mulak.



Presidential golf ball

Which all serves to deepen a mystery that has surrounded the presidency: Why has Barack Obama forsaken basketball for the links?

On the campaign trail, Mr. Obama played a mean, frequent and public game of hoops. He played outdoors and in, with pols, pros, troops in Kuwait and university kids half his age. "For people our age, it was like watching Clinton on 'The Arsenio Hall Show,' playing the saxophone," says Alex Podlogar, a 34-year-old sportswriter at the Sanford Herald in Sanford, N.C.

But as president, Mr. Obama has neglected the court. He has played only seven known games of basketball since taking office, compared with 25 rounds of golf, a sport he picked up about a decade ago when he was an Illinois state senator. That's more golf than former President George W. Bush played in two terms, according to CBS White House correspondent Mark Knoller, who tracks presidential trivia. (In 2003, Mr. Bush quit golf, saying he did so out of respect for the troops serving in Iraq. Since leaving office, he has returned to the sport, an aide says.)

And where Mr. Obama's basketball game is showy and often televised, his golf is furtive and off-the-record. He plays with junior aides and discreet longtime friends. There's no press allowed onto the course with him, no cameras—and few witnesses. A foursome of loyal staffers often plays out ahead of him, clearing the way and trying to ensure no one spies.

The frequency and secrecy of the president's golfing has infuriated some of his basketball fans. This love of the links can't be for keeps, they moan, for he who plays secretly must surely play badly.

How badly? His score is a matter of "national security," deflects David Axelrod, political adviser to the First Duffer. White House aides said playing golf gets the president outdoors more, but declined to comment further on why he appears to be favoring golf over hoops, or why members of the press haven't been allowed to watch him tee off.

Postings by golf observers on the Web site Baller-in-Chief, which is primarily devoted to the president's basketball game, posit a brutal answer: Mr. Obama has a golf handicap in the mid-20s, considered weak to average, and a cramped swing that's not so pretty.

A recent anonymous posting on Golf.com comes from a golfer who claims to have caught some of the action: "I had the misfortune of being stuck in a group on the same course as the Prez and his buddies and watching them play one hole in the time it took our foursome to play 3 was painful. The only thing stopping us from telling them to pick it up was the incredibly large security detail he had with him."

Some people dissing the president's golf game have an agenda: They want him back on the basketball court.

"The fact that he isn't playing [basketball] ... is a metaphor for those people who think he's gotten soft, backed off of his promises, sold out," says Claude Johnson, Baller-in-Chief's founder and owner of Black Fives Inc., a basketball merchandising firm in Greenwich, Conn. "When President Obama goes back to basketball, that will be a sign that we haven't lost the original guy."

Fifteen of the past 18 presidents have played golf, according to "First Off the Tee," a history of presidential golf by Don Van Natta Jr. Dwight D. Eisenhower did so with military routine. John F. Kennedy was a graceful player known for lucky breaks. Bill Clinton fudged his score so often that some golfers call a mulligan—a penalty-free do-over for amateurs—a "Clinton" or "Billigan."

Mr. Obama's aides say the president, known for his discipline, doesn't take mulligans and adheres to every rule on the course. When in Washington, Mr. Obama most often plays on one of two military courses, Fort Belvoir in Virginia and Andrews Air Force Base in Maryland. At Andrews, the press is safely quarantined in a nearby food court.

The president isn't all fun and games when he's on the course. Before teeing off at the Vineyard Golf Club, for example, the noted orator couldn't resist offering a snap address to 400 people penned in on the deck of the club house. Mr. Mulak, the golf pro, says Mr. Obama hits in one direction. "Barack generally hits his ball to the left," he says.

A day later, the president rushed through a bicycle ride with his family, then headed back to the Vineyard Golf Club, the island's most challenging course. As Mr. Obama hacked through the grass, some 30 members of the White House press corps sat out of sight on a bus for five hours.

Back in Washington, there are signs that the president's basketball jones is returning. A tennis court behind the White House has been restyled into a basketball court. Last month, Mr. Obama gave it a road test, inviting over some congressmen and cabinet members for a game.

It's about time, says Mr. Podlogar, the North Carolina sportswriter. "Let me put it in language you might be better able to understand, Mr. President," he wrote recently in his newspaper: "Basketball? Yes, you can. Golf? No, you can't."

Official White House photo by Samantha Appleton

Fans say U.S. President Barack Obama has forsaken his stellar basketball game for a mediocre golf game, a sign that he's gotten 'soft.'

WSJ.com

Online today: See photos from past presidents' time on the links, plus Elizabeth Williamson discusses the mystery surrounding Obama's golf skills at **WSJ.com/Sports**

Two events recognizing the region's best investor relations practitioners

IR magazine AWARDS
IR Magazine
South East Asia
Conference & Awards
Thursday, December 10
Singapore Exchange
www.irmagazinesoutheastasia.com
In association with irpas

IR magazine AWARDS
IR Magazine
Hong Kong and Taiwan
Conference & Awards
Tuesday, December 15
Conrad Hong Kong
www.irmagazinehongkong.com
In association with hkira

How good is your IR?

2009 short list announced
Visit the event website to view
the list of award nominees.

Join your peers from across the IR community as we reveal the winners.
To book your places, please contact Gabi Gal at
+44 20 7251 7500, or gabi.gal@thecrossbordergroup.com.

Sponsors
BNY MELLON
華潤創業有限公司
China Resources Enterprise, Limited
HILL & KNOWLTON
hkira
IPREO
irpas
金融界
NOMURA
elect capital
Standard Chartered

Official media partner
THE WALL STREET JOURNAL.
Research partner
EXTEL SURVEYS

CROSS BORDER
A Cross Border event

THE LEADER IN BUSINESS AND FINANCIAL NEWS,
NOW CUSTOMIZED FOR MOBILE

The New
CNNMoney.com
iPhone™ App

Download for free on the App Store today
or visit mobileapp.cnnmoney.com for more information

CNNMoney mobile

Available on the iPhone App Store
Apple and the Apple logo are trademarks of Apple Inc., registered in the U.S. and other countries.iPhone is a trademark of Apple Inc.
© 2009 Cable News Network and Time Inc. CNNMoney is a service mark of Cable News Network and Time Inc. Time Warner Companies. All rights reserved.

TECHNOLOGY

H-P gets a boost from services unit

Cost-cutting also fueled jump in profit

By Justin Scheck

Hewlett-Packard Co. reported a 14% jump in quarterly profit, an indication that a big bet on technology services and cost-cutting has put the Silicon Valley giant in a strong position as the economy starts to recover.

The fiscal-fourth-quarter results, which H-P had previewed, contrast sharply with a 54% drop in profit announced by rival **Dell** Inc. last week.

Results for H-P's personal-computer business showed the company has increased its market share, in part because H-P is stronger in consumer segments that have accounted for most PC growth recently.

Computer makers have been hurt by falling prices, which have held revenue down though PC demand has been improving. Gartner Inc., a market research firm, on Monday projected that global unit shipments will rise 2.8% this year; in September it had forecast a 2% decline.

H-P, the world's largest tech company by revenue, is considered a bellwether in the sector because its broad business portfolio includes printers, PCs, corporate technology systems, and tech outsourcing services.

Although H-P's revenue fell 8.4% in the quarter, the results were seen as a sign that conditions are improving in the tech sector. "This is further indication that things have stabilized," said Shaw Wu, an analyst with Kaufman Bros.

Cathie Lesjak, H-P's chief financial officer, predicted in an interview that business conditions for the company will be better in 2010 than in 2009.

"We feel as good about our portfolio and our market position as we ever have," added Mark Hurd, H-P's chief executive, during a conference call. "So make no mistake about that. If you talked about our view of our competitive position, it just has never been stronger."

The Palo Alto, Calif., company reported income for the period ended Oct. 31 of $2.4 billion, or 99 cents a share, up from $2.1 billion, or 84 cents a share, in the year-earlier period. Revenue declined to $30.1 billion from $33.6 billion.

H-P's results included a 48% jump in operating profit to $1.4 billion for its services businesses, reflecting cost cutting following its $13 billion purchase of Electronic Data Systems last year.

Revenue from services increased 8%, though the year-ago quarter included only two months of EDS revenue, Mr. Wu noted.

Ms. Lesjak said if last year's period included a full quarter of EDS revenue, H-P's overall services sales would be "down double digits" due to a drop in corporate spending and accounting changes related to the merger.

But she said H-P is about one-third of the way toward finishing a plan to remove $3 billion in annual cost from the EDS business.

She also said the EDS unit has started to generate sales of equipment like PCs, though the results of such sales weren't significant last quarter.

In PCs, H-P said it has become No. 1 in sales of computers to large U.S. businesses, Dell's historic stronghold. H-P said its PC division posted an 8% increase in shipments from the year-earlier quarter, though its revenue declined 12%.

Dell, in contrast, reported a PC revenue drop of more than 19%; it didn't quantify unit shipments, but Gartner estimated that Dell's unit sales declined 6.7% in the quarter.

H-P's storage and servers division, which sells server systems, reported a 17% revenue decline. Its printer business continued to wane as people reduce their reliance on printed material. The division reported a revenue drop of 15%; printer shipments decreased 20%.

—Ben Charny
—and Andrew LaVallee
contributed to this article.

Moving target
Gartner revised again its estimate for 2009 global PC shipments

Forecasts for 2009, millions of PCs
(date of forecast)

265 (March)	274 (June)	285 (Sept.)	299 (Nov.)

Change from year earlier

Source: Gartner

Getty Images

H-P's results were seen as a sign conditions are improving in the tech sector.

Global Warming With the Lid Off

'The two MMs have been after the CRU station data for years. If they ever hear there is a Freedom of Information Act now in the U.K., I think I'll delete the file rather than send to anyone. . . . We also have a data protection act, which I will hide behind."

So apparently wrote Phil Jones, director of the University of East Anglia's Climate Research Unit (CRU) and one of the world's leading climate scientists, in a 2005 email to "Mike." Judging by the email thread, this refers to Michael Mann, director of the Pennsylvania State University's Earth System Science Center. We found this nugget among the more than 3,000 emails and documents released last week after CRU's servers were hacked and messages among some of the world's most influential climatologists were published on the Internet.

The "two MMs" are almost certainly Stephen McIntyre and Ross McKitrick, two Canadians who have devoted years to seeking the raw data and codes used in climate graphs and models, then fact-checking the published conclusions—a painstaking task that strikes us as a public and scientific service. Mr. Jones did not return requests for comment and the university said it could not confirm that all the emails were authentic, though it acknowledged its servers were hacked.

Yet even a partial review of the emails is highly illuminating. In them, scientists appear to urge each other to present a "unified" view on the theory of man-made climate change while discussing the importance of the "common cause"; to advise each other on how to smooth over data so as not to compromise the favored hypothesis; to discuss ways to keep opposing views out of leading journals; and to give tips on how to "hide the decline" of temperature in certain inconvenient data.

> The emails that reveal an effort to hide the truth about climate science.

Some of those mentioned in the emails have responded to our requests for comment by saying they must first chat with their lawyers. Others have offered legal threats and personal invective. Still others have said nothing at all. Those who have responded have insisted that the emails reveal nothing more than trivial data discrepancies and procedural debates.

Yet all of these nonresponses manage to underscore what may be the most revealing truth: That these scientists feel the public doesn't have a right to know the basis for their climate-change predictions, even as their governments prepare staggeringly expensive legislation in response to it.

Consider the following note that appears to have been sent by Mr. Jones to Mr. Mann in May 2008: "Mike, Can you delete any emails you may have had with Keith re AR4? Keith will do likewise. . . . Can you also email Gene and get him to do the same?" AR4 is shorthand for the U.N.'s Intergovernmental Panel of Climate Change's (IPCC) Fourth Assessment Report, presented in 2007 as the consensus view on how bad man-made climate change has supposedly become.

In another email that seems to have been sent in September 2007 to Eugene Wahl of the National Oceanic and Atmospheric Administration's Paleoclimatology Program and to Caspar Ammann of the National Center for Atmospheric Research's Climate and Global Dynamics Division, Mr. Jones writes: "[T]ry and change the Received date! Don't give those skeptics something to amuse themselves with."

When deleting, doctoring or withholding information didn't work, Mr. Jones suggested an alternative in an August 2008 email to Gavin Schmidt of NASA's Goddard Institute for Space Studies, copied to Mr. Mann. "The FOI [Freedom of Information] line we're all using is this," he wrote. "IPCC is exempt from any countries FOI—the skeptics have been told this. Even though we . . . possibly hold relevant info the IPCC is not part of our remit (mission statement, aims etc) therefore we don't have an obligation to pass it on."

It also seems Mr. Mann and his friends weren't averse to blacklisting scientists who disputed some of their contentions, or journals that published their work. "I think we have to stop considering 'Climate Research' as a legitimate peer-reviewed journal," goes one email, apparently written by Mr. Mann to several recipients in March 2003. "Perhaps we should encourage our colleagues in the climate research community to no longer submit to, or cite papers in, this journal."

Mr. Mann's main beef was that the journal had published several articles challenging aspects of the anthropogenic theory of global warming.

For the record, when we've asked Mr. Mann in the past about the charge that he and his colleagues suppress opposing views, he has said he "won't dignify that question with a response." Regarding our most recent queries about the hacked emails, he says he "did not manipulate any data in any conceivable way," but he otherwise refuses to answer specific questions. For the record, too, our purpose isn't to gainsay the probity of Mr. Mann's work, much less his right to remain silent.

However, we do now have hundreds of emails that give every appearance of testifying to concerted and coordinated efforts by leading climatologists to fit the data to their conclusions while attempting to silence and discredit their critics. In the department of inconvenient truths, this one surely deserves a closer look by the media, the U.S. Congress and other investigative bodies.

Obey's Afghan War Surtax

The White House says domestic politics is irrelevant to its pending Afghanistan decision, but domestic politicians beg to differ. "There ain't going to be no money for nothing if we pour it all into Afghanistan," the liberal warhorse David Obey told ABC's Jonathan Karl, before threatening a "war surtax" if President Obama does end up granting General Stanley McChrystal's request for 40,000 more troops.

"That's what happened with the Vietnam War, which wiped out the Great Society," the House Appropriations Chairman said with his customary subtlety. "That's what happened with the Korean War, which wiped out Harry Truman's Square Deal. That's what happened with the end of the progressive movement before the '20s when we went into World War I. In each case, the costs of those wars shut off our ability to pay for anything else."

Well, that's one reading of 20th-century national security, but another way of putting it is that the real liberal objection to the war on terror is that it takes away from domestic spending priorities like ObamaCare. For many Democrats, the goal isn't victory in Afghanistan, but victory on Capitol Hill.

Mr. Obey last floated a war surtax in the Iraq debate of 2007, and this year's iteration would be imposed on all taxpayers up to 5% on the highest income bracket. Combined with the House health-care surcharge of 5.4 percentage points and the expiration of the Bush tax cuts, that would bring the top federal marginal rate to above 50%. Economic growth, in other words, would be hostage to both the anti-antiterror and the single-payer left, if that isn't redundant.

Liberals and Mammography

The flap over breast cancer screening has provided a fascinating insight into the political future of ObamaCare. Specifically, the political left supports such medical rationing even as it disavows that any such thing is happening.

No sooner had the Health and Human Services Department's U.S. Preventative Services Task Force recommended against mammography for women under 50 than Secretary Kathleen Sebelius rushed to say don't worry. The decision had "caused a great deal of confusion and worry among women," she said, promising that no policies would change. New Jersey's Frank Pallone vowed to hold hearings, and Senator Dick Durbin leveled the gravest charge Democrats can make: The task force was "appointed by President Bush."

The political duck-and-cover was also on display in that vanguard of ObamaCare known as the New York Times, which ran at least four much-ado-about-nothing items even as it endorsed the reduced screening. On the same day as an editorial and op-ed, a front-page "news analysis" lectured that what the public really needs is "a transformational shift in thinking" about the "evidence-based" medical future that the mammogram decision portends. Yes, and no doubt the Times will tell us what "evidence" to follow.

Even more revealing was Princeton's Uwe Reinhardt, a leading liberal healthcare economist, writing on the New York Times Economix blog. Mr. Reinhardt sees the task force's handiwork as an exemplar of "rational decision-making" that had nothing to do with cost analysis, even as he claimed that rationing based on cost is inevitable.

You have to admire Mr. Reinhardt's partisan dexterity. He knows that no government task force is ever going to justify a treatment denial with an overt claim to costs. Instead, the task force found a sneaky way to use clinical data to take costs into account without admitting it. It cites all sorts of harm associated with the problem of "overdiagnosis"—i.e., too many costly procedures. This is a reference to mammograms that lead to further tests and treatments that in hindsight are unnecessary.

The HHS task force concludes that this harm outweighs the benefits of saving lives through early detection, yet this makes little sense unless financial costs are a priority. For instance, the panel cites patient anxiety from false positives, yet the literature also shows overwhelmingly that women would rather risk a scare than allow a cancer to progress—especially considering that about 75% of all breast cancers develop in women who do not have special risk factors.

In any event, the distinction between cost effectiveness and clinical effectiveness will be moot if ObamaCare passes. The House bill gives the HHS task force the mandate to review "the benefits, effectiveness, appropriateness, and costs of clinical preventive services" in making its de facto insurance coverage rulings. As Mr. Reinhardt notes, "at some point soon the rising cost of American health care actually will force Americans to bring monetary costs into the analysis as well."

What's really going on here is that the left knows its designs will require political rationing of care, but it doesn't want the public to figure this out until ObamaCare passes. Then it will begin the campaign to instruct the rest of us that we must follow the guidance of Princeton professors about what medical care we can receive. Americans will simply have to accept that the price of government-run health care in the name of redistributive justice is that patients and their doctors must bow to the superior wisdom of HHS task forces.

Just don't admit it until after the White House signing ceremony.

Letters To The Editor

* * *

China's Dangerous Currency Manipulation

The American people, starting with pundits like Robert Reich ("China and the American Jobs Machines," op-ed, Nov. 18), urgently need to understand one simple fact: The high savings rates observed in Asia are not due to inherent frugality, the lack of a social safety net, or, as Mr. Reich would now have us believe with respect to China, because China is "oriented to production, not consumption." This obscures the fact that it is China's currency manipulation that is the single most important driving force behind high Asian "savings."

To manipulate its currency, China mops up vast sums of export dollars through sterilization efforts that are tantamount to forced saving. In the process, Chinese consumers lose significant purchasing power because of the undervalued yuan—and Americans lose millions of jobs. Because the Chinese yuan is pegged to the dollar and undervalued, China's Asian competitors, in turn, are forced to manipulate their own currencies so as not to lose advantage to China. This behavior—Japan uses the carry trade to keep the yen low, South Korea aggressively manages its float, and so on—likewise manifests as high savings rates and suppressed consumption of U.S. exports.

Someday, both the left and right in America (as well as the White House) will figure out that China's currency manipulation is the root of the global trade imbalance problem that threatens long-term prosperity and they will get on the trade reform bandwagon—now gathering dust at the Department of Commerce.

Peter Navarro
Professor
Merage School of Business
Irvine, Calif.

* * *

Those Golden Days Flying Out of China

Regarding Melanie Kirkpatrick's review of "The Last Empress" by Hannah Pakula ("China's Mystery Lady," Bookshelf, Nov. 5): When Chiang Kai-shek decamped to Taiwan in 1949, he took the gold with him. Trans Ocean Airlines picked up the gold in Taiwan and transported it to Oakland Airport, home base, where it was transloaded to a Slick Airways C-46 to be delivered to Chase National Bank in New York. The plane was grossed out with a payload of seven tons of gold.

I was the pilot of this flight and have often wondered who ended up with the gold.

William P. Willoughby
Captain, Slick Airways
Retired
Palo Alto, Calif.

U.S. Economic Freedom May Erode

In regard to "The Road Ahead for APEC" (op-ed, Nov. 12) by Timothy Geithner, Sri Mulyani Indrawati and Tharman Shanmugaratnam: Acknowledging the common economic interests of the U.S. and 20 other Asia-Pacific Economic Cooperation (APEC) members is commendable, but U.S. Treasury Secretary Geithner also may want to pay particular attention to one of his op-ed co-authors, Tharman Shanmugaratnam of Singapore. In the 2009 Index of Economic Freedom (produced by The Wall Street Journal and The Heritage Foundation), Singapore's ranking (based mostly on 2008 data) was significantly higher than the U.S. and, given current trends, the gap seems unlikely to narrow anytime soon.

Singapore and the U.S. part company in economic freedom measures in two subcategories related to government: fiscal freedom and government size. On a 100-point scale, the U.S. ranked below average in both of those economic freedom components, while Singapore exceeded the U.S. rankings by 23 and 34 points, respectively. That difference was based on trailing data, when U.S. government tax revenue represented 28% of GDP (versus 13% in Singapore) and U.S. government spending represented 36% of GDP (versus 14% in Singapore).

Projections for the next few years suggest U.S. taxes and spending are going up (and a third freedom component, labor flexibility, may be going down, if union card check is passed). Depending on what happens in other economies, it's conceivable that the U.S. could drop out of the Economic Freedom Index top 10 and might even fall out of the "free" category (a very select group of seven) into the "mostly free" second tier of nations.

All of the APEC meeting goals cited by the three authors are reasonable. But unless Mr. Geithner wants to see U.S. economic freedom and prosperity erode, he may want to follow-up with an op-ed co-authored by President Barack Obama and Speaker Nancy Pelosi that addresses tax and spending plans. The U.S. needs to quickly and unilaterally change its fiscal trends to maintain a respectable ranking on economic freedom and to maintain its relevance and influence in APEC.

Michael A. Hall
Gainesville, Fla.

Comments?The Journal welcomes readers' responses to all articles and editorials. It is important to include your full name, address and telephone number. Please send letters to the editor to: **Letters@WSJ.com**

THE WALL STREET JOURNAL. ASIA

Almar Latour, *Editor in Chief, Asia*
Peter Stein, *Associate Editor*
Dean Napolitano, *Senior Editor*
Mary E. Kissel, *Editorial Page Editor*
Philip Owens, *Circulation Director*
Shawn Hiltz, *Marketing Director*
Alice Chai, *Research Director*
Connie Cheng, *Operations Director*
Simon Wan, *IT Director*
Olivier Legrand, *General Manager Digital*
Christine Brendle, *Publisher*
Published since 1889 by
DOW JONES AND COMPANY

© 2009 Dow Jones & Company. All Rights Reserved

DOWJONES
A News Corporation Company

The Carter Ricochet Effect

[Global View]

By Bret Stephens

An idealistic president takes office promising an era of American moral renewal at home and abroad. The effort includes a focus on diplomacy and peace-making, an aversion to the use of force, the selling out of old allies. The result is that within a couple of years the U.S. is more suspected, detested and enfeebled than ever.

No, we're not talking about Barack Obama. But since the current administration took office offering roughly the same prescriptions as Jimmy Carter did, it's worth recalling how that worked out.

How it worked out became inescapably apparent 30 years ago this month. On Nov. 20, 1979, Sunni religious fanatics led by a dark-eyed charismatic Saudi named Juhayman bin Seif al Uteybi seized Mecca's Grand Mosque, Islam's holiest site. After a two week siege distinguished mainly by its incompetence, Saudi forces were able to recapture the mosque at a cost of several hundred lives.

By any objective account—the very best of which was offered by Wall Street Journal reporter Yaroslav Trofimov in his 2007 book "The Siege of Mecca"—the battle at the Grand Mosque was a purely Sunni affair pitting a fundamentalist Islamic regime against ultra-fundamentalist renegades. Yet throughout the Muslim world, the Carter administration was viewed as the main culprit. U.S. diplomatic missions in Bangladesh, India, Turkey and Libya were assaulted; in Pakistan, the embassy was burned to the ground. How could that happen to a country whose president was so intent on making his policies as inoffensive as possible?

The answer was, precisely, that Mr. Carter had set out to make America as inoffensive as possible. Two weeks before Juhayman seized the Grand Mosque, Iranian radicals seized the U.S. Embassy in Tehran, taking 66 Americans hostage. They did so after Mr. Carter had refused to bail out the Shah, as the Eisenhower administration had in 1953, and after Andrew Young, Mr. Carter's U.N. ambassador, had described the Ayatollah Khomeini as "somewhat of a saint."

They also did so after Mr. Carter had scored his one diplomatic coup by brokering a peace deal between Egypt and Israel. Today, the consensus view of the Obama administration is that solving the Israeli-Palestinian conflict would ease tensions throughout the region. But worthy though it was in its own right, peace between Egypt and Israel was also a fillip for Sunni and Shiite radicals alike from Tehran to Damascus to Beirut to Gaza. Whatever else the Middle East has been since the signing of the Camp David Accords, it has not been a more peaceful place.

Getty Images

Happy days no more: Jimmy Carter and the Shah of Iran.

Nor has it been any less inclined to hate the U.S., no matter whether the president is a peace-loving Democrat or a war-mongering Republican. "Everywhere, there was the same explanation," Mr. Trofimov writes in his account of the attack on the U.S. Embassy in Islamabad. "American institutions, declared a student leader in Lahore, had to be burned down because 'the Holy Kaaba had been occupied by Americans and the Jews.'"

On the other hand, among Muslims inclined to favor the U.S., the Carter administration's instincts for knee-jerk conciliation and panicky withdrawals only had the effect of alienating them from their ostensible protector. Coming as it did so soon after Khomeini's rise to power and the revolutionary fervors which it unleashed, the siege of Mecca carried the real risk of undermining pro-American regimes throughout the region. Yet American embassies were repeatedly instructed not to use their Marines to defend against intruders, as well as to pull their personnel from the country.

"The move didn't go unnoticed among Muslim radicals," notes Mr. Trofimov. "A chain of events unleashed by the takeover in Mecca had put America on the run from the lands of Islam. America's foes drew a conclusion that Osama bin Laden would often repeat: when hit hard, America flees, 'dragging its tail in failure, defeat, and ruin, caring for nothing.'" It is no accident, too, that the Soviet Union chose to invade Afghanistan the following month, as it observed a vacillating president who would not defend what previously were thought to be inviolable U.S. strategic interests.

Today, President Obama likes to bemoan the "mess" he inherited overseas, the finger pointed squarely at President Bush. But the real mess he inherited comes straight out of 1979, the serial debacles of which define American challenges in the Middle East just as surely as the triumphs of 1989 define our opportunities in Europe. True, the furies that were unleashed that year in Mecca, Tehran and elsewhere in the Muslim world were not of America's making. But absence of guilt is no excuse for innocence of policy.

Pretty soon, Mr. Obama will have his own Meccas and Tehrans to deal with, perhaps in Jerusalem and Cairo. He would do well to cast a backward glance at the tenure of his fellow Nobel peace laureate, as an object lesson in how even the purest of motives can lead to the most disastrous results.

Write to bstephens@wsj.com

'Je Sais Cuisiner'

By Aram Bakshian Jr.

I Know How to Cook
By Ginette Mathiot
(Phaidon, 975 pages, $45)

If Betty Crocker had been a real person—and had been born in France—her name would have been Ginette Mathiot. This no-nonsense encyclopedia of French home cuisine—"Je sais cuisiner," to use its original title—was the creation of Mathiot (1907-98) and has been the kitchen bible of ordinary French men and women since its debut 75 years ago. In the words of Mathiot, "a good cookbook must only offer useful information. It will avoid second-rate recipes or those that are too complicated for the way we live now."

Updated and available in English for the first time, "I Know How to Cook"—all 975 pages and 5.2 pounds of it—meets this high practical standard. In addition to 1,400 crisply rendered recipes, it includes everything you need to know—about tools, techniques, ingredient choice and menu-building—to take on almost any reasonable home-cooking challenge with Gallic flair. Alongside soup-to-nuts basics are recipes for 10 ways to make crepes, 11 ways to cook rabbit (plus tips on cleaning and carving it), three ways to serve calf's brain and a sublimely simple recipe—nothing but the right proportions of butter, sugar, flour and eggs, along with a sprinkling of vanilla and lemon zest—for home-made madeleines. These concise, user-friendly recipes are designed for real-world conditions and time restraints. In short, Julia Child minus the masochistic details.

All in all, a pleasant, useful reality trip in a culinary realm too often dominated by the ostentatious and unattainable.

Mr. Bakshian Jr. writes frequently on politics, history and food.

OPINION

Government Deficits and Private Growth

By George Melloan

For anyone who wondered if last winter's federal seizure of the financial services industry would have adverse economic consequences, an answer is now available. The credit market has been tilted to favor a single borrower with a huge appetite for money, Washington. Private borrowers, particularly small businesses, have been sent to the end of the queue.

The Federal Reserve, which supervises some 7,000 banks, has been telling bankers that they must cut risk. The most spectacular step in that effort was the Fed announcement last month that it will evaluate the salaries of bank officers on how carefully they manage risk.

By official definition, Treasury securities are risk-free, so how better to manage risk than to pad your bank's portfolio with Treasury securities, which is what bankers are doing. Under the new management from Washington, bankers who take a flyer on a venture that might some day become an Apple, Microsoft or Google will risk not only their depositors' money but a possible pay cut. Banking has been captured by the nanny state, which means that its potential for contributing to economic growth and job creation has been sharply curtailed.

The federally dictated risk-aversion was underway even before the Fed began monitoring banker paychecks. According to the Fed's September flow of funds report, commercial banks were net buyers of Treasury securities to the tune of $25 billion on an annualized basis in the second quarter. They were net buyers of federal agency paper—think Fannie Mae and Freddie Mac—at an annualized rate of a whopping $185 billion, contributing mightily to federal efforts to keep these miscreants afloat. Meanwhile, private lending, which once was the mainstay of banking, was shrinking at a $392 billion annual rate.

Economist David Malpass detailed the squeeze on lending to small business in a recent post on his Encima Global blog. He noted that a member survey by the National Federation of Independent Businesses in May found that 16% of respondents were reporting loans hard to get, the worst reading since the 1980-82 recession. The Federation's October report showed only a small improvement. Mr. Malpass predicted further tightness through the third and fourth quarters.

Washington hasn't been able to milk the taxpayers sufficiently to finance its massive deficit. The Chinese are getting skittish as well. So tapping bank deposits is yet another avenue to a big pot of cash. As for the bankers, they've been awarded an easy life. Thanks to the Fed's zero interest-rate policy, they can make a decent profit on "safe" Treasury and agency securities yielding 3% or more. The too-big-to-fail banks like Citi and Bank of America can draw on their big shareholder, the U.S. Treasury, if their capital needs further supplements. Bankers don't have to worry about making risk judgments because they've been ordered to not take risks. So maybe the Fed is justified in cutting their salaries, since whatever banking skills they had—meaning the ability to assess risk—are no longer needed or wanted. An office boy could buy government bonds.

There is a plentiful supply. The reported federal deficit for the fiscal year ended Sept. 30 was $1.4 trillion. That is a whale of a deficit in itself, but the primitive cash-flow accounting from which it is derived understates the real red ink. As former Treasury official Peter Wallison says, it's the way a mom and pop grocery does accounting: cash in versus cash out. It would not pass muster under the accounting rules corporations are required by the Securities and Exchange Commission to follow, in that it takes no account of such huge contingent liabilities like Medicare and the Enron-style off-budget agencies.

A number more relevant to what the government is actually demanding from the capital markets is the Treasury's financing requirement. At a recent Chartered Financial Analyst Institute

David Gothard

conference, Treasury official Karthik Ramanathan proudly described the prodigious fund-raising task he and his colleagues pulled off in the fiscal year, what one might call a borrowing feat unparalleled in human history: "In the course of 291 auctions in 251 business days, Treasury issued nearly $7 trillion in gross Treasury marketable securities to raise approximately $1.7 trillion to finance the government."

But the Treasury Borrowing Advisory Committee on Long-Term Finance was less than thrilled. In its August report to Secretary Timothy Geithner, the committee said: "This year's double-digit-as-a-percent-of-GDP budget shortfall [the federal deficit] is unsustainable. Moreover, there is little support for a marked shrinking in the deficit in the year ahead, as revenue trends likely will remain sluggish amid high unemployment and lingering capital losses and public spending will remain elevated as a share of the economy. Various policy efforts under discussion by the Administration and Congress also probably would add to the deficit and public debt on a net basis."

Needless to say, the Obama administration and Congress aren't heeding such warnings. More big spending programs on health care and green energy are getting teed up.

Fed Chairman Ben Bernanke said at a Richmond Fed market symposium last April that the Fed was attempting to "avoid both credit risk and credit allocation in our lending and securities purchase programs." The "attempt" has hardly been obvious and clearly is not succeeding, particularly with regard to credit allocation. Aside from the not-so-subtle efforts to enlist the banks in a government bond drive, there are the direct allocations of credit that have been practiced by the Fed and Treasury since the banking crisis a year ago. Infusions to Citigroup, Bank of America, JP Morgan Chase for the takeover of Bear Stearns, Fannie, Freddie, AIG, GM, Chrysler, the commercial paper industry, money market funds, etc., have clearly been credit allocation, big time.

* * *

James Hamilton of the University of California at San Diego wrote in his "econbrowser" blog on March 29 that, "the new Fed balance sheet represents a fundamental transformation of the role of the central bank." He noted that for many years the Fed had pumped money into the economy with no attempt to direct which borrowers would receive credit. The whole idea behind the Fed's open market operations is to make the process of creating new money completely separate from the decision of who receives any fiscal transfers.

"In a traditional open market operation," Mr. Hamilton writes, "the Fed buys or sells an existing Treasury obligation for the same price anyone else would pay for the security. As a result, the operation itself does not involve any net transfer of wealth between the Fed and the private sector. The philosophy is that the Fed should base its decisions on economy-wide conditions, and leave it entirely up to the market or fiscal authorities to determine where those funds get allocated.

"The philosophy behind the pullulating new Fed facilities is precisely the opposite of that traditional concept. The whole purpose of these facilities is to redirect capital to specific perceived priorities."

Yes, things have changed in a year. Feeding the government and starving free enterprise looks like a prescription for long-term economic stagnation. It's not unlike what we witnessed in the depression of the 1930s.

Mr. Melloan, a former columnist and deputy editor of the Journal editorial page, is author of "The Great Money Binge: Spending Our Way to Socialism," published last week by Simon & Schuster.

Cyclones and Global Warming

By Bjørn Lomborg

Global warming has captured the attention of politicians around the world. The following article is part of a series leading up to the December United Nations conference in Copenhagen on how ordinary people in different countries view the issue:

One week after Cyclone Aila flattened Lakshmi Bera's mud, bamboo and thatched grass house in May, a Copenhagen Consensus researcher found her family of five under the open sky. Their only protection was a plastic tarp.

"We have been living on a bowl of rice for the past few days", said 35-year-old Mrs. Bera. "The food that we had stocked up was lost. Whatever water we are getting we are sharing with our cattle, since the animals too are suffering. The only clothes we have left are the ones we are wearing."

After the cyclone ravaged parts of India and Bangladesh, a Greenpeace spokesperson announced that the disaster should be used to teach politicians a lesson. "India must continue to pressure the industrialized world to make deep and urgent cuts in greenhouse gas emissions."

Greenpeace was following a script. In 2005, Sierra Club Executive Director Carl Pope told members of his organization they should "[r]ide the wave of public concern created over extreme weather."

In Gangapur village in the Sundarbans, India, Mrs. Bera had more immediate fears than carbon. "If we don't have a house, food and water, how can we think about these things?" she asked.

Mrs. Bera needed 25,000 Indian rupees to rebuild and dreamed of being able to afford a concrete house that would not wash away. She wanted the Indian government to improve the mud embankments—last substantially worked on in the 1970s—that were supposed to protect her home.

She also was angry that the early-warning system failed. "Had we known the storm would come," she said, "we could have at least moved some of our belongings elsewhere."

While it is impossible to link a single weather event to global warming, scientists warn that tropical storms like Cyclone Aila could become more severe. The global cost of climate-related disaster has increased relentlessly over the past half-century. The cause is not global warming, however. Rather it is rising concentrations of people and infrastructure along coastlines.

Roger A. Pielke Jr. noted in a 2005 paper for Environmental Science and Policy that if everything else stays the same but we halt global warming, there would still be a 500% increase in hurricane damage in 50 years time. If global warming continues but we halt the number of people moving into harms' way, the increase in hurricane damage would be less than 10%. If the entire world had signed up to the Kyoto Protocol, and its binding restrictions were to last all the way until 2050, the predicted reduction in global warming could cut hurricane damage by half a percentage point.

By following the advice of hurricane victims like Mrs. Bera, however, we could achieve a lot more. Better evacuation plans, community education, and the distribution of relief would reduce the amount of suffering caused by severe storms.

Regulating vulnerable land and not offering state-subsidized, low-cost insurance that encourages people to settle in high-risk areas would reduce the number of people hit by hurricanes. Better building codes, upgraded dikes and levees, and improved warning systems would also reduce storm damage. Protecting wetlands and beaches that act as natural seawalls would also help.

These measures are much cheaper than carbon cuts and could dramatically cut the losses due to storm damage that are sure to come. They would also save a huge amount of heartache and suffering—and at lower cost.

Rather than riding a wave of concern about big storms, we would do better to follow the advice of those, who like Mrs. Bera, have to live with the consequences of our actions.

Mr. Lomborg is director of the Copenhagen Consensus Center, a think tank, and author of "Cool It: The Skeptical Environmentalist's Guide to Global Warming" (Knopf, 2007).

IN DEPTH

Bangalore heart surgeon transforms India's health care

Model for hospitals is cutting costs and yielding profits, offering insights for countries grappling with soaring medical tabs

By Geeta Anand
Bangalore

HAIR TUCKED into a surgical cap, eyes hidden behind thick-framed magnifying glasses, Devi Shetty leans over the sawed open chest of an 11-year-old boy, using bright blue thread to sew an artificial aorta onto his stopped heart.

As Dr. Shetty pulls the thread tight with scissors, an assistant reads aloud a proposed agreement for him to build a new hospital in the Cayman Islands that would primarily serve Americans in search of lower-cost medical care. The agreement is inked a few days later, pending approval of the Cayman parliament.

Dr. Shetty, who entered the limelight in the early 1990s as Mother Teresa's cardiac surgeon, offers cutting-edge medical care in India at a fraction of what it costs elsewhere in the world. His flagship heart hospital charges $2,000, on average, for open-heart surgery, compared with hospitals in the U.S. that are paid between $20,000 and $100,000, depending on the complexity of the surgery.

The approach has transformed health care in India through a simple premise that works in other industries: economies of scale. By driving huge volumes, even of procedures as sophisticated, delicate and dangerous as heart surgery, Dr. Shetty has managed to drive down the cost of health care in his nation of one billion.

His model offers insights for countries world-wide that are struggling with soaring medical costs, including the U.S. as it debates major health-care overhaul.

"Japanese companies reinvented the process of making cars. That's what we're doing in health care," Dr. Shetty says. "What health care needs is process innovation, not product innovation."

At his flagship, 1,000-bed Narayana Hrudayalaya Hospital, surgeons operate at a capacity virtually unheard of in the U.S., where the average hospital has 160 beds, according to the American Hospital Association.

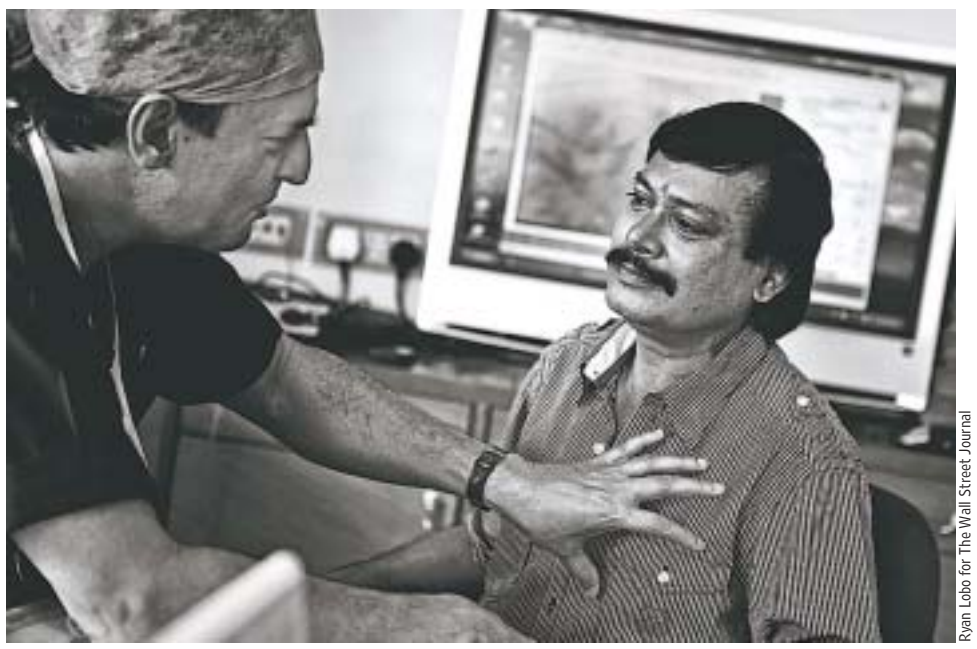
Narayana's 42 cardiac surgeons performed 3,174 cardiac bypass surgeries in 2008, more than double the 1,367 the Cleveland Clinic, a U.S. leader, did in the same year. His surgeons operated on 2,777 pediatric patients, more than double the 1,026 surgeries performed at Children's Hospital Boston.

Next door to Narayana, Dr. Shetty built a 1,400-bed cancer hospital and a 300-bed eye hospital, which share the same laboratories and blood bank as the heart institute. His family-owned business group, Narayana Hrudayalaya Private Ltd., reports a 7.7% profit after taxes, or slightly above the 6.9% average for a U.S. hospital, according to American Hospital Association data.

The group is fueling its expansion plans through private equity, having raised $90 million last year. The money is funding four more "health cities" under construction around India. Over the next five years, Dr. Shetty's company plans to take the number of total hospital beds to 30,000 from about 3,000, which would make it by far the largest private-hospital group in India.

At that volume, he says, he would be able to cut costs significantly more by bypassing medical equipment sellers and buying directly from suppliers.

Then there are the Cayman Islands, where he plans to build and run a 2,000-bed general hospital an hour's plane ride from Miami. Procedures, both elective and necessary, will be priced at least 50% lower than what they cost in the U.S., says Dr. Shetty, who hopes to draw Americans who are uninsured or need surgery their plans don't cover.



Ryan Lobo for The Wall Street Journal

Dr. Devi Shetty consults with a patient at his 1,000-bed cardiac hospital in Bangalore. Surgeries here cost an average of $2,000.

By next year, six million Americans are expected to travel to other countries in search of affordable medical care, up from the 750,000 who did so in 2007, according to a report by Deloitte LLP. A handful of U.S. insurance plans now give people the choice to be treated in other countries.

Some in India question whether Dr. Shetty is taking his high volume model too far, risking quality.

"On one level, it's a damn good idea. My only issue with it comes from the fact that if you pursue wholesale volumes, you may give up something—which is usually quality," says Amit Varma, a physician who serves as president of health-care initiatives for Religare Enterprises Ltd., a publicly listed financial services group in Delhi. Religare is part of a conglomerate that also owns Fortis Healthcare Ltd., a rival hospital chain.

"I think he has reached the point where if you increase volume any more, you could compromise patient care unless backed up by very robust standard operating procedures and processes," Dr. Varma says.

But Jack Lewin, chief executive of the American College of Cardiology, who visited Dr. Shetty's hospital earlier this year as a guest lecturer, says Dr. Shetty has done just the opposite—used high volumes to improve quality. For one thing, some studies show quality rises at hospitals that perform more surgeries for the simple reason that doctors are getting more experience. And at Narayana, says Dr. Lewin, the large number of patients allows individual doctors to focus on one or two specific types of cardiac surgeries.

In smaller U.S. and Indian hospitals, he says, there aren't enough patients for one surgeon to focus exclusively on one type of heart procedure.

Narayana surgeon Colin John, for example, has performed nearly 4,000 complex pediatric procedures known as Tetralogy of Fallot in his 30-year career. The procedure repairs four different heart abnormalities at once. Many surgeons in other countries would never reach that number of any type of cardiac surgery in their lifetimes.

Dr. Shetty's success rates appear to be as good as those of many hospitals abroad. Narayana Hrudayalaya reports a 1.4% mortality rate within 30 days of coronary artery bypass graft surgery, one of the most common procedures, compared with an average of 1.9% in the U.S. in 2008, according to data gathered by the Chicago-based Society of Thoracic Surgeons.

It isn't possible truly to compare the mortality rates, says Dr. Shetty, because he doesn't adjust his mortality rate to reflect patients' ages and other illnesses, in what is known as a risk-adjusted mortality rate. India's National Accreditation Board for Hospitals & Healthcare Providers asks hospitals to provide their mortality rates for surgery, without risk adjustment.

Dr. Lewin believes Dr. Shetty's success rates would look even better if he adjusted for risk, because his patients often lack access to even basic health care and suffer from more advanced cardiac disease when they finally come in for surgery.

Dr. Shetty, 54 years old, is a lanky and chatty man. He grew up in Mangalore, another south Indian city, the eighth of nine children. Doctors were gods in the Shetty household, swooping in to save his restaurateur father who suffered from chronic diabetes and fell into diabetic comas several times in the young boy's life.

He had already resolved to be a doctor when his fifth-grade teacher told the class that a South African surgeon had just performed the world's first heart transplant. In that moment, Dr. Shetty says he decided to become a heart surgeon.

After graduating from medical college in India, Dr. Shetty trained in cardiac surgery at Guy's Hospital in London, one of Europe's top medical facilities. He had been operating there for six years when the Birla family, leading industrialists in India, decided to start a heart hospital in Calcutta. Dr. Shetty was brought in as the first director.

On returning to India in 1989, Dr. Shetty performed the first neonatal heart surgery in the country on a 9-day-old baby. He also confronted the reality that almost none of the patients who came to him could pay the $2,400 cost of open-heart surgery.

"When I told patients the cost, they would disappear. They literally didn't even ask about lowering the price," he says.

During that time, Mother Teresa had a heart attack, and Dr. Shetty was called to operate on her. From then on, he served as her personal physician. Two pictures of Mother Teresa still adorn the white walls of Dr. Shetty's office, one with white type saying, "Hands that serve are more sacred than lips that pray."

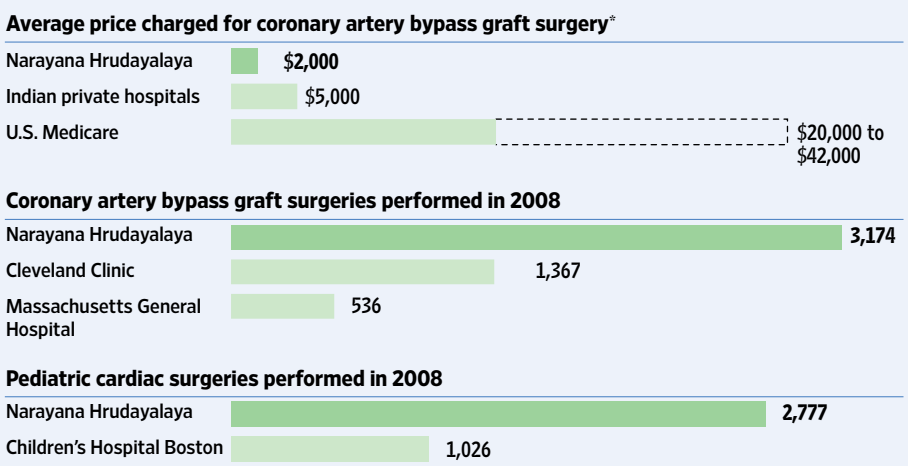
Dr. Shetty set about pursuing a heart hospital big enough to make a difference in a country where most of the people needing heart surgery can't afford it. His father-in-law, the owner of a large construction company, agreed to build and finance a heart hospital in his wife's hometown of Bangalore.

In 2001, the white-washed, red-roofed Narayana Hrudayalaya Hospital opened on about 10 hectares that had been a marshland around a cement factory.

A lobby with seating for hundreds is encircled by dozens of offices for surgeons to consult with patients. A giant statue of a many-headed deity—representing gods in

Operation cut costs

Narayana Hrudayalaya Hospital uses high volumes to lower health-care costs.



*Prices for overall packages including hospital stay and surgery

Sources: Narayana Hrudayalaya Hospital; Cleveland Clinic; Massachusetts General Hospital; Children's Hospital Boston; Centers for Medicare & Medicaid; Religare Enterprises

IN DEPTH

Ryan Lobo for The Wall Street Journal (4)

Dr. Devi Shetty, above, has pushed down the cost of health care in India. He drives huge volumes, even of procedures as sophisticated, delicate and dangerous as heart surgery.

From left: Bangalore residents train to be nurses; the Mazumdar Shaw Cancer Center, which has 1,400 beds; and a patient who traveled to Narayana hospital from India's Gujarat State. He paid $2,000 for his heart surgery.

the Hindu pantheon—stands in the center of the lobby.

In a second-floor operating room one October morning, Dr. Shetty finished sewing a new aorta onto the heart of his 11-year-old patient. The process provided an example of how he slashes costs. Four years ago, the sutures would have been bought from a Johnson & Johnson subsidiary. Today they are made by a Mumbai company, Centennial Surgical Suture Ltd.

Four years ago, Dr. Shetty scrutinized his annual bill for sutures—then $100,000 and rising by about 5% each year. He made the switch to cheaper sutures by Centennial, cutting his expenditures in half to $50,000.

"In health care you can't do one big thing and reduce the price," Dr. Shetty says. "We have to do 1,000 small things."

He says he would also like to find lower-cost versions of his priciest medical equipment. But the Chinese makers that have brought good quality, cheaper machines to market don't yet have enough local service centers to ensure regular maintenance.

So he is still buying equipment from General Electric Co. He pays $60,000 for echocardiography machines, which use sound waves to create a moving image of the heart, and $750,000 for cardiac catheterization labs, which produce images of blood flow in the arteries and allow surgeons to clear some blockages using stents and other devices.

V. Raja, head of GE's health-care business in India, declined to comment on specific pricing, but says Dr. Shetty drives a hard bargain and wrestles some savings because he is such a big customer. Between Narayana Hrudayalaya and another hospital he runs in Calcutta, Dr. Shetty's group performs 12% of India's cardiac surgeries, Mr. Raja says.

Dr. Shetty also gets more use out of each machine by using some of them 15 to 20 times a day, at least five times more than the typical U.S. hospital.

Cardiac surgeons at Dr. Shetty's hospitals are paid the going rate in India, between $110,000 and $240,000 annually, depending on experience, says Viren Shetty, a director of the hospital group and one of Dr. Shetty's sons.

Dr. Shetty was paid almost $500,000 last year, according to the group's audited financial statements.

Here, too, Dr. Shetty finds additional savings on the per-patient cost. His surgeons perform two or three procedures a day, six days a week. They typically work 60 to 70 hours a week, they say. Residents work the same number of hours.

In comparison, surgeons in the U.S. typically perform one or two surgeries a day, five days a week, operating fewer than 60 hours.

Dr. Shetty says doctor fatigue isn't an issue at his hospital, and in general, his surgeons take breaks after three or four hours in surgery. The morning after Dr. Shetty operated on 11-year-old Mahesh Parashivappa, the boy sat in bed in the pediatric intensive care unit, a white bandage on his bare chest.

Virtually all of the 80 beds in the unit were full. K. Parashivappa, the boy's father, a sugarcane worker from a village eight hours away, held a cup of water to his son's lips. He says he's known his son needed surgery since he was born with a congenital heart defect. The boy has never been able to run and play cricket like other children, hobbled by chronic shortness of breath and weakness.

Mr. Parashivappa says he can't himself pay for the surgery, but it is covered by a farmers' insurance plan that Dr. Shetty began several years ago in partnership with the state of Karnataka, which includes Bangalore.

Nearly one third of the hospital's patients are enrolled in this insurance plan, which costs $3 a year per person and reimburses the hospital $1,200 for each cardiac surgery.

That is about $300 below the hospital's break-even cost of $1,500 per surgery.

The hospital makes up the difference by charging $2,400 to the 40% of its patients in the general ward who aren't enrolled in the plan. An additional 30% who opt for private or semi-private rooms pay as much as $5,000.

The father, in an untucked brown shirt, raised both hands to offer the traditional Indian greeting, "Namaste," to Dr. Shetty as the hospital head stopped by his son's bed. "Thank you for giving my son his life back."

WSJ.com

Online today: See a video about Dr. Shetty's hospital in Bangalore at **WSJ.com/Video**

Science offers tools to feed a growing population

Microbiology and genetics promise a greener way to boost yields; improved education also helps

More than four billion people — over 60% of the world's population — live in the Asia-Pacific. That's a lot of mouths to feed.

So far, the challenge of supplying food to a growing population has been a mixed success. The percentage of hungry in the Asia-Pacific has fallen, in some places dramatically, in the past two decades. However, the total number of hungry people in Asia climbed to an estimated 642 million for 2009, according to the Rome-based United Nations Food and Agriculture Organization, rising back above 1990 levels after a sharp drop in 1995-1997 to around 528 million.

Food production hasn't been keeping up with the growth in population or prosperity, says Nagesh Kumar, chief economist and director of the macroeconomic policy and development division of the Bangkok-based U.N. Economic and Social Commission for Asia and the Pacific, or Escap. Governments focused on agriculture in the 1960s and 1970s, with great results from the Green Revolution, but since then export-oriented industry and services have dominated public attention and resources.

"Society believed they'd won the war against hunger but in fact they won only one of the battles," says Robert S. Zeigler, director general of the International Rice Research Institute, or IRRI, based in Manila, one of the largest nonprofit agricultural research centers in Asia. "Without research investment, without new infrastructure, new irrigation infrastructure, productivity growth started to flatten out.

"If you stop investing, you're not going to feel that right away," he adds. "It takes about 10 years for that lack of investment to show up. It's the same if you make an investment — it takes time, about a decade or more, for fruits of that investment to show up."

Rice is the key crop in Asia. "Rice is not just a source of calories and a full stomach in Asia," says Dr. Zeigler. "It is part of the fabric of life. It is woven through religious and social structures in all cultures of Asia. It is the one thing all Asian societies have in common."

Rice doesn't grow everywhere.

> *"Cultivated area isn't going to expand. We have reached the threshold level."*

It likes rich lowland soils. Much of the land under rice cultivation is prone to floods and could one day be submerged if global warming raises sea levels.

Clearing new land isn't a solution, Dr. Zeigler says, because the soil usually isn't suitable.

For other crops, too, the major constraint on the growth of agriculture in Asia is land. "Cultivated area isn't going to expand. We have reached the threshold level," says Ganesh Thapa, regional economist for the Asia division of the International Fund for Agricultural Development (IFAD), a U.N. agency based in Rome. And as we have reached this limit, land is also being lost to industry, housing and environmental degradation. "Most governments are focusing not on expanding land but on getting more out of what we have."

Rice likes to grow in rich lowland soils that are often prone to flooding. If global warming raises sea levels, much o

Self-sufficiency

The Green Revolution of the 1960s, which helped make India and other countries self-sufficient in food, relied on breeding crops for higher yields and using fertilizers and pesticides. The reliance on chemicals later was blamed for environmental damage. Any new Green Revolution is setting up to be greener, with minimal use of chemical inputs, and more of an evolution than a revolution.

"What we will see is a rapidly accelerating accumulation of incremental steps," says Dr. Zeigler of IRRI. "The tools of microbiology and genetics will allow us to more rapidly improve yields, to use natural resources more effectively, and to extract more yield from a field without damaging the environment."

The needed improvements in yields — about 2.5% a year for rice — are possible in the medium term, he says, if investment flows to agriculture pick up. But "after the next 10 to 15 years, it will be a problem. Then we will need new tools."

With that in mind, IRRI is working to develop rice that uses the more efficient kind of photosynthesis found in plants such as corn and cane sugar, which could increase yields 50%. The process is likely to take about 15 years, Dr. Zeigler says.

Rice is the first food crop whose genome is completely mapped, a feat accomplished in 2005. Since then, the corn and potato genomes also have been mapped.

"Golden rice"

Swiss-based Syngenta AG helped develop "golden rice," which contains a gene from corn to add beta carotene, necessary for vitamin A, although this is not yet being used for human consumption. Deficiency of vitamin A is blamed for irreversible blindness, as well

Food, feed and fuel offer investment opportunities

Think of small farmers and the first word that comes to mind is often "subsistence."

Think again.

Small farmers in Asia "are mostly trying to produce for themselves but all want to produce a surplus for the market," says Robert S. Zeigler, director general of the International Rice Research Institute in Manila. "All farmers are involved in business and are very astute businessmen. Any involvement of the private sector has to relate to them on that basis. At the end of the day, they look for a profit."

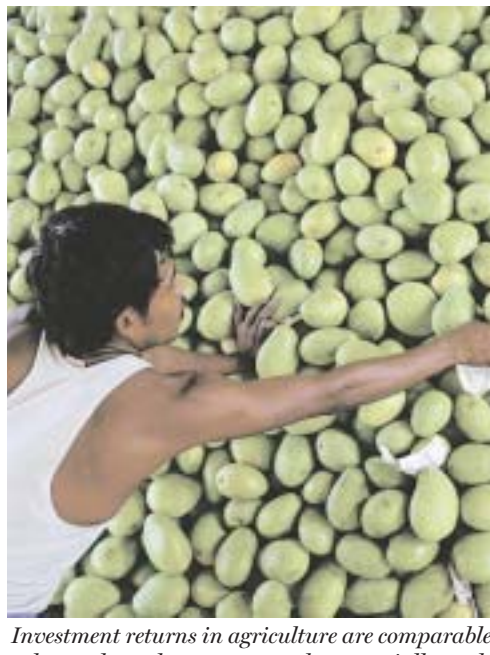
As do investors. And returns in agriculture "are comparable to, if not better than, the average market," says Bruce Kahn, director and senior investment analyst for Deutsche Bank's Climate Change Advisers group in New York.

Agriculture is at the intersection of energy, water and food, the main issues affected by climate change. Deutsche Bank Climate Change Advisers assess risks of various investment opportunities across the spectrum: financing to plant a crop; financing in a company that wants to plant a crop; investing in a start-up that is developing new agricultural technology; investing in large, public companies that deal with seeds, machinery, distribution or retail; investing in land; investing in the computer chip or satellite that tells a tractor where to plant; investing in insurance products; investing in food processing, and more. "It is vast," Dr. Kahn says.

Higher value

Agribusiness holds a lot of potential for the private-sector investor as the landscape evolves from subsistence, grain-based agriculture to higher-value commodities like fruits, vegetables and dairy products, says Ganesh Thapa, Rome-based regional economist for the Asia division of the International Fund for Agricultural Development, a U.N. agency. He sees opportunities for growth in many aspects of agriculture, from biotechnology to wholesale services, to logistics and distribution, to rural finance and insurance and veterinary services.

Agriculture provides a buffer from economic crises. A 2009 study of food security by the United Nations' Food and Agriculture Organization examined gross domestic product growth rates by sector in 10 emerging markets. While agriculture grew at slower rates than industry, manufacturing or services before crises, during the crises it far outperformed all other sectors. Agriculture also is the major source of employment in Asia. In India, for



Investment returns in agriculture are comparable better than, the average market, especially as th moves to higher-value commodities like fruits an

USINESS

GETTY IMAGES/Claudia Uribe

f this land could be submerged.

as one million to two million deaths world-wide a year.

IRRI hopes to use genetic engineering to raise the iron content of rice, as well. Efforts to do so with traditional breeding methods haven't succeeded. Genetic engineering is safe and proven, Dr. Zeigler says, but it is more expensive and involves more regulatory steps than traditional methods. Rice is very diverse genetically, giving breeders a lot to work with. IRRI has samples of about 110,000 varieties of rice.

Breeding advances include flood, drought and salt resistance to reduce harvests' vulnerability to the weather. Flood-tolerant strains perform equally well with normal moisture, so farmers risk nothing by planting it. IRRI is working to develop varieties that combine both drought and flood tolerance in one plant.

Other efforts focus on better farming methods, such as zero tillage, which involves drilling seed into the ground with little or no preparation of the land. Farmers can forgo plowing fields, resulting in less labor, less erosion and less loss of soil moisture, says Dr. Thapa of IFAD. Integrated pest management relies on harmless insects that eat crop pests, allowing for drastically reduced use of pesticides. And simply getting farmers to rotate crops such as rice and wheat with legumes not only restores nitrogen to the soil but also reduces the buildup of pests.

Often when there's a saving, there's also a tradeoff. The downside of not plowing is weeds and insects. An estimated 35% to 40% of crops would be lost to insects, weeds and disease without appropriate pesticide use. Judicious application of fertilizers restores nutrients to land and makes some marginal areas productive.

Education is key

The key to appropriate use is education. A recent study of corn farmers in China found that fertilizer use could be halved with no loss of production. "In many countries, farmers may not know there's a limit to fertilizer benefits, and beyond that it's a waste," says Dr. Kumar of Escap.

With agriculture extension services, which give information and training to farmers, unable to keep up, companies like Syngenta run programs themselves. Syngenta trained some 2.4 million farmers world-wide in 2008 on correct use of crop-protection products. It also has centers in India where farmers can get free information on agronomy, products, weather and markets.

One of the biggest opportunities for improvement lies in simply eliminating waste. As much as 15% of harvests are lost to spoilage between harvest and use, says Dr. Thapa. Lack of transportation to market, lack of proper storage facilities, pests and rodents take a toll.

The wave of modern retailers sweeping Asia is helping to resolve the problem. Seeking high-quality fresh produce and basic commodities for processed foods, supermarket chains are creating a new supply-chain infrastructure that is helping farmers get their products to market.

The arrival of supermarkets is helping farmers in another way. Previously, in many countries, farmers had to sell their harvests to a state-owned wholesaler at a high fee — 10% in India for example, Dr. Thapa says. Now, farmers can choose whether to sell to the wholesalers or to supermarkets or other dealers.

The text of this Special Advertising Section was written by Catherine Bolgar.

NOAH SEELAM/AFP/Getty Images

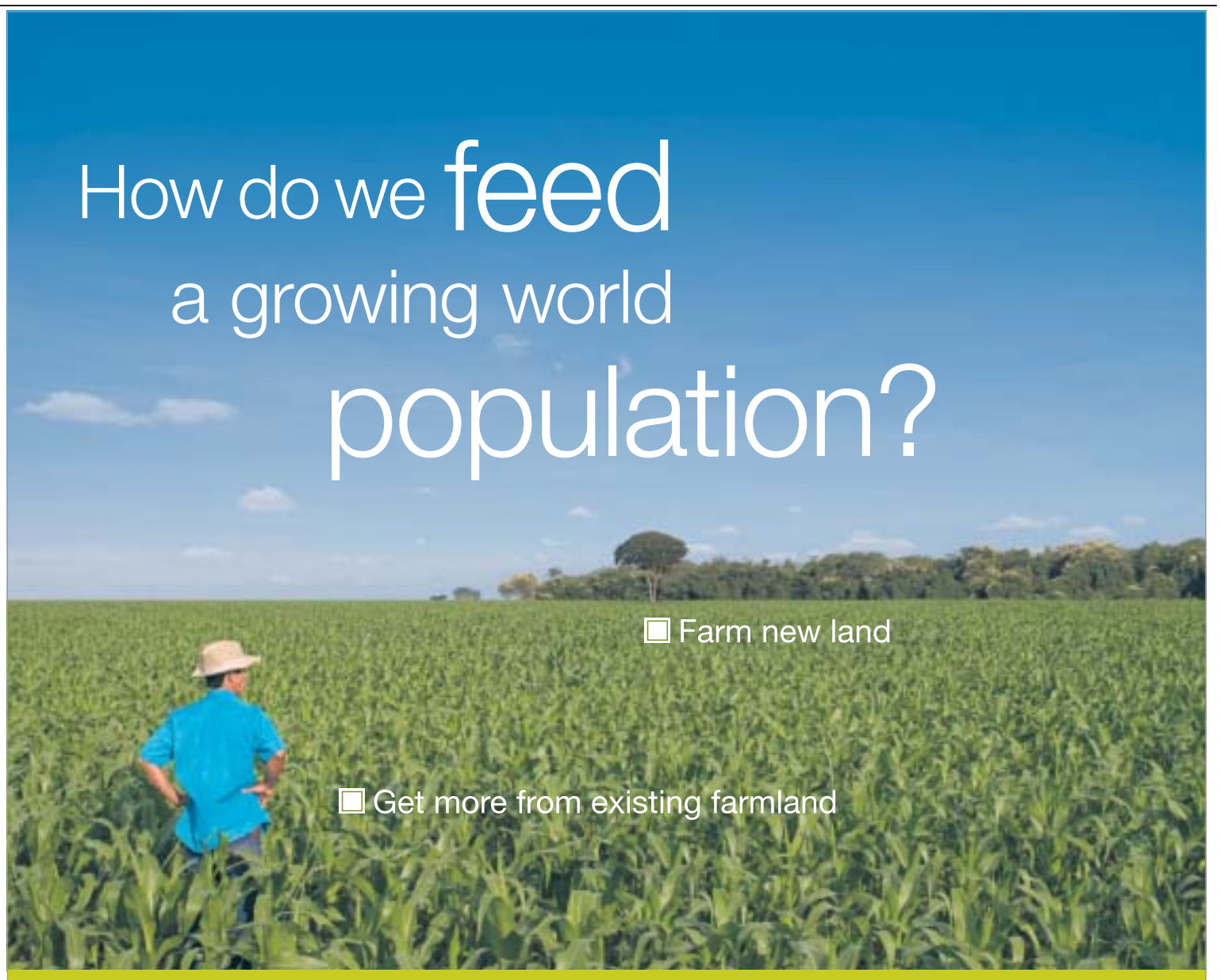
to, if not e sector d dairy.

example, agriculture accounts for 18% of GDP but 52% of the labor source. Better development of agribusinesses, such as food processing and distribution, could create more jobs and make migration to cities less appealing.

A sure market

Another thing about agriculture: it's a sure market. With growing population and prosperity in Asia, demand for food, and higher-quality food, keeps rising. Meanwhile, the race is on to improve biofuels as a renewable alternative to oil and gas. All in all, the caloric needs of the planet — food, feed and fuel — will rise 50% by 2050, Deutsche Bank forecasts.

"We will have to work very hard to close that gap," says Dr. Kahn of Deutsche Bank. "We have no choice but to try."



syngenta

The world needs more food. By 2050, there will be another 2 billion people on our planet. How do we provide enough high-quality food and preserve our environment? At Syngenta, we believe the answer lies in the boundless potential of plants. We develop new, higher yielding seeds and better ways to protect crops from insects, weeds and disease. So farmers can get more from existing farmland and take less new land into cultivation. It's just one way in which we're helping growers around the world to meet the challenge of the future: to grow more from less. To find out more, please visit us at www.growmorefromless.com

© 2009 Syngenta International AG, Basel, Switzerland. All rights reserved.
The SYNGENTA Wordmark and BRINGING PLANT POTENTIAL TO LIFE
are registered trademarks of a Syngenta Group Company. www.syngenta.com

Bringing plant potential to life

FROM PAGE ONE

Obama welcomes India's prime minister

Continued from first page
facilities there. At the same time, he said, Indian companies that make autos, tractors, pharmaceuticals and software are investing and creating jobs in the U.S.

The deepening links between the U.S. and India have been on full display during Mr. Singh's trip to Washington. At the conclusion of about two hours of talks Tuesday, Mr. Obama said the two leaders had agreed to beef up cooperation on law enforcement and intelligence, climate change, education and other areas. And the U.S. president reaffirmed support for a U.S.-India civilian nuclear cooperation accord signed into law last year after years of close communication.

Noting that the U.S. was India's largest trading partner, Mr. Obama said broadening trade ties would help create much needed jobs in both countries as governments continue trying to stimulate recession-hit economies.

At the Chamber of Commerce on Monday, Mr. Singh said he expects the Indian economy to return to 9% annual growth within the next two years, compared with around 6.5% in the current fiscal year, despite slower growth elsewhere crimping exports. He said strong domestic investment and "ample human resources" would help India offset soft export markets.

He invited U.S. companies to invest in infrastructure projects, saying India needs "massive investment" in its energy, transport and urban infrastructure to support its expected economic growth.

Mr. Singh also said officials are finalizing the details of the nuclear-cooperation agreement, which he called a "landmark" in Indo-U.S. relations. "Once that is done it will remove restrictions on the flow of technology in nuclear and many other areas," Mr. Singh said. "This will open large areas of commercial opportunity for U.S. business in India."

The civil nuclear-energy cooperation pact between the U.S. and India was agreed to last year, but hasn't been officially concluded amid a host of lingering hurdles. Mr. Obama said Tuesday that he was "fully committed" to completing a bilateral civil agreement.

At issue are safeguards to ensure that low-enriched uranium sold by U.S. companies doesn't get reprocessed as weapons-grade fuel, rules for the handling of enriched uranium, and concerns that that nuclear fuel could be used for military purposes. U.S. companies also want India to pass a law giving them liability protection in the case of a nuclear accident.

Mr. Singh also touched on broader defense collaboration, saying rules that allow Indian defense suppliers to have as much as 26% foreign investment have opened a new route for cooperation on defense.

Getty Images

Indian Premier Manmohan Singh, right, with U.S. President Barack Obama, speaks Tuesday during a state arrival ceremony in the East Room of the White House.

U.S. says recovery was weaker than earlier believed

Continued from first page
mated. Outlays on automobiles were boosted in the period by the U.S. government's "cash for clunkers" program.

Overall consumer spending rose a quarterly 2.9% in the third quarter, compared with an earlier estimate that spending had risen by 3.4%.

"While 2.9% is a healthy enough level of spending, it must be noted that between 1970 and 2007, consumer spending has averaged 3.4% on a quarterly basis," said Dan Greenhaus, chief strategist at Miller, Tabak & Co. in New York. He added that in 1983—the last period in which the unemployment rate was as high as it is now— quarterly growth in consumer spending averaged 6.5%.

Meantime, U.S. consumer confidence rose in November to 49.5 from an upwardly revised 48.7 in October, said the Conference Board, a private research group. Economists had expected a 47.0 reading.

The index continues to be held up by respondents' expectations for economic activity in the future. The index measuring confidence in present conditions remained weak, falling slightly.

"This indicator, and its component detail, appears to be pointing to a longer and more difficult journey to recovery than many would like to believe at the moment," Joshua Shapiro, chief U.S. economist at research firm MFR Inc., wrote in a note to clients.

Aside from consumer spending, the downward revision in third-quarter GDP growth also stemmed from a wider trade deficit—with an upward revision to imports offsetting an upward revision to exports—and lower nonresidential business investments.

Still, the rise in GDP was the first since the second quarter of 2008 and the strongest in nearly two years.

The U.S. is emerging from its worst recession since the Great Depression. Persistently high unemployment and a fading government stimulus, however, are expected to keep a lid on consumer spending, a key growth engine in the world's largest economy.

The government's price index for personal consumption increased 2.7% in the third quarter, compared with the previously estimated 2.8% climb and the second quarter's 1.4% rise.

The core PCE gauge, which excludes volatile food and energy prices, increased 1.3% in the third quarter, compared with the previously estimated 1.4% climb and the second quarter's 2.0% rise.

"The one mild surprise in these data are the downward revisions to the inflation statistics," said Jay Feldman, economist at Credit Suisse in New York, of the GDP report.

Lenders grapple with an avalanche of maturing debt

Continued from first page
lion in 2011 and $58.4 billion in 2012. **J.P. Morgan Chase** & Co. faces about $130 billion maturing through 2012.

In a recent meeting with Oppenheimer Equity Research analysts, a senior executive at J.P. Morgan indicated that the company "has the flexibility to issue debt only when terms are favorable," according to a Nov. 13 report.

Last month, Eric Aboaf, Citigroup's treasurer, told investors the bank expects to sell less than $15 billion of bonds in 2010 and doesn't plan to refinance all the debt that comes due next year, mainly due to less demand for loans from bank customers.

Concern remains about how banks will deal with souring assets, such as loans they made to borrowers to fund purchases of homes, offices and land. But attention turning to the other side of the bank balance sheet is significant.

A key government lifeline, the Temporary Liquidity Guarantee Program, which provides federal banking for bank bonds, expired last month. Debt issued under that program, which guaranteed the debt, had relatively short maturities. Banks will have to pay back debt back before 2012, putting their refinancing on a collision course with five-year debt that was sold in 2007, as markets were soaring.

It doesn't help that buyers of that government-backed debt tended to be investors attracted to safe government debt, Barclays Capital analysts said. Those investors may not be willing buyers when the banks need to refinance without government backing.

The government debt also was sold at markedly cheaper costs. A Baa-rated bank that sold government-backed three-year debt would have paid a coupon of about 1.3%. That same bank would have to pay 7.75% to sell 10-year debt, according to Moody's. That is important because banks are being pressured to sell longer-term debt.

Roger Freeman, an analyst at Barclays Capital, said that a big gamble for bank treasurers is deciding whether borrowing costs will be more expensive now or in six to 12 months' time.

While base interest rates could increase, more investor confidence in bank debt could help decrease borrowing costs.

The cost to raise long-term debt—between five and 10 years—has improved markedly from last October. But borrowing costs in the bond market remain above 2005 levels.

Citigroup, for example, sold $2 billion in five-year bonds in September at a cost of 3.25 percentage points above Treasury securities, or a yield of 5.5%. While that was cheaper than a mid-August sale at a spread of 3.8 percentage points, it is far more expensive than the 0.73 percentage points Citigroup paid back in 2004.

Rising borrowing costs for banks could spill into the broader economy at a time when consumer and corporate borrowers already are under stress. Banks could pass on the costs in the form of higher interest rates.

A mad rush as gold bugs are given the boot
BUSINESS & FINANCE 24

Beijing's self-created hot-money headache
HEARD ON THE STREET 36

BUSINESS & FINANCE.

Wednesday, November 25, 2009 THE WALL STREET JOURNAL. asia.WSJ.com

Gift-givers shop cautiously

Early spending suggests strong season for television and videogames, weak sales for apparel

By Vanessa O'Connell and Miguel Bustillo

U.S. consumers are generally cautious heading into the critical holiday shopping season, with preseason trends suggesting that electronics sales may be solid while sales of apparel, particularly women's styles, could get pummeled.

Spurred by the release of a hot videogame and earlier-than-usual promotions on televisions, U.S. shoppers spent 6.1% more on electronics in the first half of November the month, through Nov. 14, than a year ago, according to a recent analysis from **MasterCard** SpendingPulse, a unit of MasterCard Advisors.

The new data, which reflect estimates on all payment forms, including checks and cash, comes days before Thanksgiving, the traditional kickoff to the holiday selling season, when U.S. consumers traditionally spend several hundred billion of dollars. Retailers count on holiday sales for as much as 40% of their annual sales and half their annual profits.

The U.S. consumer market is crucial to a number of export-dependent Asian economies, which were hit hard by the weakening in U.S. consumer demand beginning last year.

In contrast with electronics, women's apparel sales fell 3.3% in the first half of November. Sales in the category have fallen for more than a year, with nine months of double-digit declines from the year-earlier period since October 2008, according to SpendingPulse.

Getty Images

Videogame buyers, like these in Las Vegas, boosted electronic sales.

Spending on luxury goods showed the largest drop, with a 9.2% year-to-year decline, after posting an increase in October, MasterCard SpendingPulse said.

Overall, U.S. households are expected to spend about 7% less on gifts this season, shelling out an average of $390, according to a report released Monday by the Conference Board. This year, 39% of households are planning to spend less than $200, up from 35%. The Conference Board survey covers a sample of 5,000 U.S. households.

Sales of electronics in the preseason were aided by the most anticipated videogame of the season, Call of Duty: Modern Warfare 2. The game came out early this month and shattered records, likely boosting sales for the category overall. Modern Warfare 2 made $550 million in its first five days of release, according to developer **Activision Blizzard** Inc.

In addition, retailers such as **Best Buy** Co., **Wal-Mart Stores** Inc. and **Amazon.com** Inc. have begun earlier-than-usual promotions on TVs and videogames. And many people are buying laptops and netbooks loaded with Microsoft Corp.'s new Windows 7 operating system.

Preseason Internet sales of a range of merchandise were up 19.4% over the first two weeks of November 2008. Mark Snyder, chief marketing officer for Kmart, part of **Sears Holdings** Corp., said he has seen evidence that shoppers are plotting purchases. Kmart's layaway program, which expanded to online this year, is proving popular.

"The thing that is most different this season is the preparedness of our shopper," Mr. Snyder said. "Last year, the economy hit her right between the eyes. This year, instead of being defensive, she is being offensive and really scouring for bargains early, realizing the power is with her."

According to a preliminary Black Friday shopping survey conducted for the National Retail Federation by BIGresearch, up to 134 million people plan to shop this Friday, Saturday or Sunday, up from 128 million who planned to last year.

Sale of JAL shares fuels price decline

By Ayai Tomisawa

TOKYO – Japanese trading house **Mitsui** & Co. on Tuesday said it sold all its common shares in **Japan Airlines** Corp., adding to a cloud of uncertainty over the company that sent ithe stock down 8.4%.

In addition to the share sale, analysts cited ongoing worries about the airline's restructuring plans, which are being overseen by the Japanese government. Also Tuesday, JAL reached an agreement with the **Development Bank of Japan** for the state-backed lender to provide bridge loans to sustain its flight operations.

The company's shares underperformed the Nikkei Stock Average of 225 companies, which dropped 1% Tuesday. JAL has shed about 60% of its market capitalization since the beginning of the year, with the company worth about 237.72 billion yen ($2.67 billion) as of Tuesday. Its shares finished Tuesday at 87 yen.

Following local media reports, Mitsui said Tuesday it sold 11.7 million JAL common shares in the first half ended Sept. 30, equal to 0.43% of all JAL shares as of the end of March. At the end of September, that stake was worth about 1.55 billion yen, but it would have been worth 1.02 billion yen Tuesday.

A Mitsui spokesman declined to say why the company sold the shares and added that it still holds 80 million preferred shares in JAL, bought for 20 billion yen in March 2008. He said the company hadn't decided whether to sell those shares.

The sale sparked speculation that others might follow. Railway firm **Tokyu** Corp. reiterated it hasn't decided whether it would sell JAL shares, following media reports that it might sell some of its stake. Tokyu holds a 2.9% stake.

Traders say JAL's share price could fall to 80 yen within a month if the company doesn't provide in-

Please turn to page 25

Japan Airlines

Daily closing share price over the past six months

Tuesday's close: ¥87, down 8.4%

Sources: Thomson Reuters Datastream; Reuters (photo)

An employee of Japan Airlines walks past its self-ticketing machines at Haneda airport in Tokyo this month.

TV retailers tout deals as prices drop

Discounts this year don't match those of a year earlier; more targeted cuts should help margins

By Mary Ellen Lloyd

Retailers are trumpeting great deals on televisions heading into Black Friday, but the steepest discounts this year are limited to a few sets as promotional activity is less frantic than a year ago.

In part, said analysts, retailers have reduced inventories to match demand and worked with manufacturers to develop targeted flat-panel TV offers that won't result in losses. Several retailers also are offering the same price on select models now as they are on the day after Thanksgiving, indicating the advance planning of these offers.

The pinpoint discounts should avoid the damage to profit margins that panicked price cuts caused last year as long as shoppers come out this weekend in a buying mood, they said.

"The retailers are trying to create a perception of low prices and deals but without starting a full fledged, no-holds-barred price war," said Frank Luby, a retail-pricing expert and partner at marketing consultants **Simon-Kucher & Partners**.

With deals including a 32-inch LCD TV for $248 at **Wal-Mart Stores** Inc. and a 40-inch LCD set with top-tier high-definition screen for less than $500 at **Best Buy** Co., retailers are hoping that low prices on select TVs will draw shoppers on Friday but encourage them to buy more full-priced items or extras such as Blu-ray players, according to retail analysts.

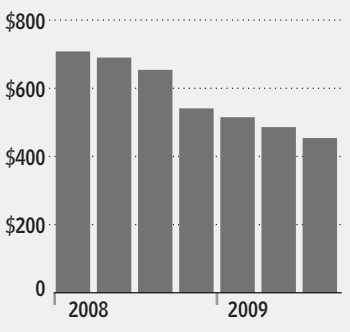
"They're trying to say, 'This is a great place to come hunt,' but they're doing it with very surgical prices," Mr. Luby said.

Bloomberg News

Retailers have planned inventories cautiously this year, lessening price cuts on TVs. A customer reviews screens at a Best Buy in Atlanta in June.

Turn it down

Average price of a 32-inch LCD TV in the U.S., measured quarterly.



Source: NPD Group's retail tracking service

TV prices, to be sure, are much lower than a year ago, but that's largely because prices have fallen sharply all year—a function of manufacturers and retailers responding to weak demand and the deflation that normally occurs in electronics as gadgets are replaced with newer technology.

"Television prices are definitely off from the same time last year by, I'd say, roughly speaking, a third to a half in many cases," said Jeff Trester, co-chief executive and chief economist at price-comparison Web site **PriceScan.com** Inc.

Last year, an oversupply of TVs and dismal demand following the financial-markets meltdown combined to prompt steep price cuts during the holiday season that savaged profits for retailers and manufacturers alike.

But this year, retailers have planned inventories cautiously and have had longer to plan their promotions.

For example, Mr. Trester said, prices on TVs 20-inches to 29-inches have held up better than other sizes so far this year. As a result, some chains are offering Black Friday deals on those smaller sets as a way of showing off steep discounts without hurting margins too much.

A 19-inch Samsung LCD set normally priced at $380 at **Sears Holdings** Corp.'s Sears stores, for example, is marked down to $300 on Black Friday. Wal-Mart's sales on that day include a 19-inch Sansui LCD high-definition set for $128.

At the other end of the size spectrum, some larger TVs, such as 50-inch plasma sets, dropped so far in price earlier this year that prices which look great are roughly the same as a few months ago.

Credit Suisse said its recent survey found Best Buy's average discount on TVs for Black Friday is 13% below its pre-holiday prices compared with 24% below last year. At Sears stores, this year's TV models similarly are discounted by an average of 14%, compared with 22% off last year.

"Price deflation is still impacting sales, but tighter inventory levels should bode well for margins," Credit Suisse said Thursday in a note to clients. Industry trade group Consumer Electronics Association estimates overall electronics prices fell 7.7% in the first six months of this year alone.

Credit Suisse said it also sees evidence that big-name TV manufacturers including **Samsung Electronics** Co., **Sony** Corp. and **Panasonic** Corp. are enforcing minimum advertized pricing rules—which make it tougher for retailers to tout deeply discounted products. "It may be getting more difficult for some Internet retailers to quote sales prices," it said. The result may be a slowing in consumer-electronics price drops as retailers have less reason to match online pricing.

Retailers are also hawking a smaller percentage of their total products as door busters this year, brokerage house Thomas Weisel found in its survey of Black Friday ads for 10 major electronics retailers, office supply chains, discounters and warehouse clubs. Only 17.5% of products are being advertised as door-busters, compared with 25% having door-buster promotional prices last year, analyst Christian Buss said. Best Buy had 13% of its ad space devoted to such deals, he said.

Industry analysts generally report that Best Buy and Wal-Mart are very competitive in pricing against each other. Both offer price-matching of competitors' published advertising.

Still, Wal-Mart last week said electronics deflation had pressured its revenues, and analysts are concerned that Best Buy could ratchet up the discounting if its store traffic is weak this week. Sony last month declined to say when its TV business would return to profitability, citing ongoing electronics price deflation and currency exchange rates as two concerns.

INDEX TO BUSINESSES AND PEOPLE

Businesses

This index of businesses mentioned in today's issue of The Wall Street Journal is intended to include all significant reference to companies. First reference to the companies appears in bold face type in all articles except those on page one and the editorial pages.

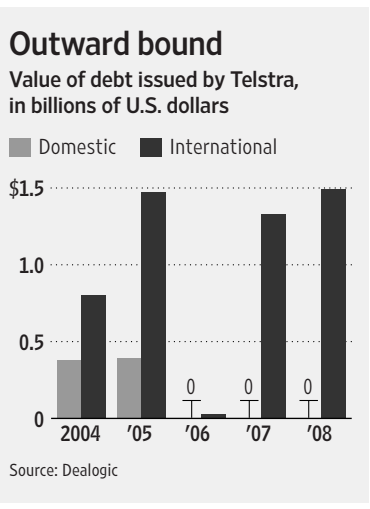
Agricultural Bank of China....23
Alcoa....31
American International Group....28
AMR....25
Apollo Global Management....29
Argus Media....29
Banco Bilbao Vizcaya Argentaria....26
Bank of America....1,26
Bank of China....23,31
Barclays Capital....26
Best Buy....22
BNP Paribas....26
Broadcom....25
Bryan Cave LLP....25
Cadbury....26
Central Bureau of Investigation....24
China Construction Bank....23,31
China Resources....10
Citigroup....1,26,27
Commonwealth Bank of Australia....23
Credit Suisse....26
Dell....12
Deutsche Bank....26
Development Bank of Japan....21
Facebook....25
Financial Group....31
First Eagle Funds....24
Galleon Group....23
General Motors....24
Goldman Sachs Group....28, 29
Google....23
Grosvenor....10
Hang Lung Properties....10
Harvest Capital Partners....10
Hershey....26
Hewlett-Packard....12,31
HI Investment & Securities....27
Hilton Hotels Group....23
HSBC....24
HSBC Holdings....26
JAL....21,31
J.P. Morgan Chase....1,26
Korea Deposit Insurance....27
Kraft Food....26
Lazards....26
Lloyds Banking Group....30
Mediobanca....26
Medtronic....31
Mitsui....21,31
Mizuho Financial Group....31
Murphy Oil....31
National Australia Bank....23
NEC....25
New York Mercantile Exchange....29
Nokia....25
Nomura Holdings....23
Panasonic....22
Petromatrix....29
PriceScan.com....22
Prime Infrastructure Group....27
Qualcomm....25
Reserve Bank of New Zealand....31
Rowan....31
Royal Bank of Scotland Group....26
Samsung Electronics....22
Satyam Computer Services....24
Scotia Capital....31
Sears Holdings....22
Simon-Kucher & Partners....22
Societe Generale....26
Sony....22
Standard Chartered....36
Takefuji....31
Telefon AB LM Ericsson....25
Telstra....23
Tesoro....31
Texas Instruments....25
Tokyu....21
UBS....27
Wal-Mart Stores....22
Westpac Banking....23
White & Case LLP....25
Woori Finance Holdings....27

People

This index lists the names of business-people and government regulators who receive significant mention in Today's Journal.

Barragate, Brett....26
Benepe, Rachel....24
Beyer, Bradley....24
Black, Clive....26
Black, Leon....29
Borthwick, John....25
Buss, Christian....22
Chan, Ronnie....10
Coleman, Bob....24
Cole, Margaret....23
Elliott, Douglas....28
Feer, Jason....29
Gilbertson, Kevin....25
Gillig, Jean-Benoît....9
Houriez, Regis....9
Jacob, Olivier....29
Jenkins, Gary....26
Jennings, Peter....30,31
Josèph, Pascal....9
Kashyap, Anil....28
Laurent, Nathalie....9
Lee, Alexander....31
Luby, Frank....22
Norris, David....24
Orzechowski, Daren M.25
Perrin, Bruno....9
Pink, Jonathan....25
Potts, Jonathan....24
Rajaratnam, Raj....23
Ramirez, Rafael....29
Ren Rong....10
Sands, Peter....36
Sutton, Camilla....31
Takahashi, Yukio....31
Tankel, Stephen....6
Trester, Jeff....22
Wong, Carson....30,31

Bloomberg News



Telstra cancels plan to issue Australian debt

By Enda Curran

SYDNEY—**Telstra** Corp. won't go ahead with a planned domestic bond offering after investors expressed caution amid regulatory uncertainty, people familiar with the matter said.

The potential issue had been highly anticipated by the nation's fixed-income market, which has been seeking new bonds from nonfinancial issuers. It wasn't clear how big any issue might have been.

Australia's debt market continues to be dominated by bank bonds as nonfinancial corporate borrowers opt to sell debt at cheaper levels offshore.

The core obstacle in the talks between Telstra, which had raised the possibility of a 10-year bond, and potential investors was uncertainty surrounding the regulatory framework being planned by the ruling Labor government.

Telstra declined to comment Tuesday. The company also declined to comment last week when asked whether it was planning a domestic debt issue.

As part of its efforts to roll out a new national broadband network, the government has recommended that Telstra's retail and wholesale business be split in two. If Telstra decides against this, the government could force the change should lawmakers approve pending legislation. It also could bar Telstra from bidding for new wireless spectrum. However, a backlog of legislation, including a major vote on carbon-emissions trading, means Telstra's fate may not be clear until early next year.

Bond investors who participated in the discussions with Telstra said they needed covenants to give them extra protection. "There's a lot of uncertainty," one investor said. "When you're lending money for 10 years, you want to actually know what the company is doing." Others said the pricing levels discussed weren't attractive enough.

Worries about the risk of a credit-rating downgrade featured prominently in the discussions, and possible bond buyers were seeking covenants similar to what Telstra has done in other jurisdictions, another investor said.

According to Dealogic, the telecommunications company last issued public debt in the local market in March 2005, when it raised US$391 million. Its most recent offshore issue was a yen-denominated issue in October 2008 valued at US$212 million.

Commonwealth Bank of Australia, **National Australia Bank** and **Westpac Banking** Corp. arranged Telstra's talks with fund managers.

Chinese banks consider ways to boost their capital levels

BEIJING—Several of China's big state-controlled lenders said they are examining ways to boost their capital, anticipating stricter requirements from the banking regulator as a lending boom fuels concern about bad loans.

Bank of China Ltd. said it is "actively studying" several plans to boost its capital-adequacy ratio. **Industrial Commercial Bank of China** Ltd., the country's biggest lender by assets, is also considering a few options, said an ICBC official familiar with the situation.

The comments came a day after the China Banking Regulatory Commission threatened to punish lenders who fail to meet capital requirements by the end of the year. **China Construction Bank** said Monday that it is awaiting detailed rules from the regulator on strengthening capital management at banks.

Analysts say Beijing is signaling a subtle shift in its policy priorities. While it is still concerned about maintaining growth, it is now faced with new worries about a deterioration of bank asset quality and instability in the financial system.

New loans in the first half of the year alone totaled 7.37 trillion yuan ($1.08 trillion), equal to half of the country's gross domestic product.

Bank lending has slowed somewhat in recent months. Bankers extended 253 billion yuan of new yuan loans in October, the lowest level this year and less than half the September amount.

Analysts mostly expect the lending fever to continue to cool as China's economic recovery takes hold.

Bank of China's capital-adequacy ratio was 11.6% at the end of September, above the required 10%. ICBC's stood at 12.6%, and CCB's was 12.1%. Still, expectations of tighter regulation and possible fund-raising plans sent their shares down in the domestic stock market. Bank of China's shares fell 2.3% to close at 4.25 yuan Tuesday, while CCB fell 2.9% to 6.10 yuan. ICBC was down 2.7% at 5.32 yuan.

—*Victoria Ruan*

U.K. regulator fines Nomura $2.9 million

By Margot Patrick

LONDON -- Nomura International PLC, part of **Nomura Holdings** Inc., was fined £1.75 million ($2.9 million) by the U.K.'s Financial Services Authority for inadequate systems and controls that allowed a trader to mismark positions in its equity derivatives book.

The FSA said the failings, centered on mismarked inputs on volatility and correlation in the trading book, were particularly serious because they were "fundamental and systemic and persisted over a prolonged period of time" before being identified by Nomura in June 2008.

The fine is the latest example of how the FSA has stepped up efforts to combat lax controls at financial firms. It comes two weeks after the FSA fined and banned a former employee of UBS AG for helping to conceal unauthorized trading losses that led to the Swiss bank being hit with a £8 million fine. In September, the FSA fined Barclays PLC £2.45 million for widespread failures in its trade reporting systems.

The fine is the latest example of how the FSA has stepped up efforts to combat lax controls.

"Financial instruments must be valued correctly by traders, and a firm's systems and controls must be able to minimize the risk of traders mismarking their positions. When a firm's systems and controls fall short of required standards, we will not hesitate to take action," Margaret Cole, FSA director of enforcement, said of the Nomura case.

The fine would have been £2.5 million if Nomura hadn't cooperated fully and agreed to an early settlement. The FSA said Nomura has taken extensive action to fix the problems.

A Nomura spokeswoman said the bank took immediate action and it "now considers the matter behind us."

According to the FSA, the system and control failures came to light after the discovery of mismarking of volatility levels in the unit's Hong Kong single-stock book, resulting in £10.8 million having to be wiped off the value of the book.

A trader in Hong Kong responsible for the error was suspended, and additional staff were disciplined for their role in the incident, the FSA said. The trader no longer works for Nomura.

Correlation marks across the unit's books were then reassessed as part of an internal investigation and a further negative adjustment of £5.5 million was taken.

The systems and controls in place around marking the books in question "fell far short of those expected at a financial institution such as Nomura in relation to a business trading complex and high-risk financial products," the FSA said.

Nomura's international equity-derivatives business trades and sells equity products and related derivatives across a range of industries for its own account and for clients. To value a book's positions, traders enter variables including implied volatility, correlation and dividends.

Rajaratnam challenges wiretaps in Galleon case

By Chad Bray

Galleon Group's Raj Rajaratnam denied that he received or traded on material, nonpublic information about **Google** Inc., **Hilton Hotels Group** or other companies as alleged in a civil insider-trading case brought by the U.S. Securities & Exchange Commission.

In an answer to the SEC's complaint filed Tuesday in U.S. District Court in Manhattan, Mr. Rajaratnam's lawyers said the information that Mr. Rajaratnam allegedly received was already public and the trades at issue were consistent with positions and strategies he had in place before he allegedly received the information.

Raj Rajaratnam

Mr. Rajaratnam's lawyers also said that Galleon employed analysts who provided in-depth research that was used for the hedge-fund firm's trading. The information was "more detailed and precise" than any information allegedly given to Mr. Rajaratnam, they said.

In October, Mr. Rajaratnam and five others were charged criminally in an alleged insider-trading scheme that netted $20 million in improper profits, according to the complaint filed against them. The charges against all of the defendants include conspiracy, while four defendants were charged with securities fraud. Prosecutors from the U.S. Attorney's office in Manhattan have since charged 14 others, five of whom have pleaded guilty to criminal charges.

The probe has since identified about $40 million in alleged improper profits, prosecutors said.

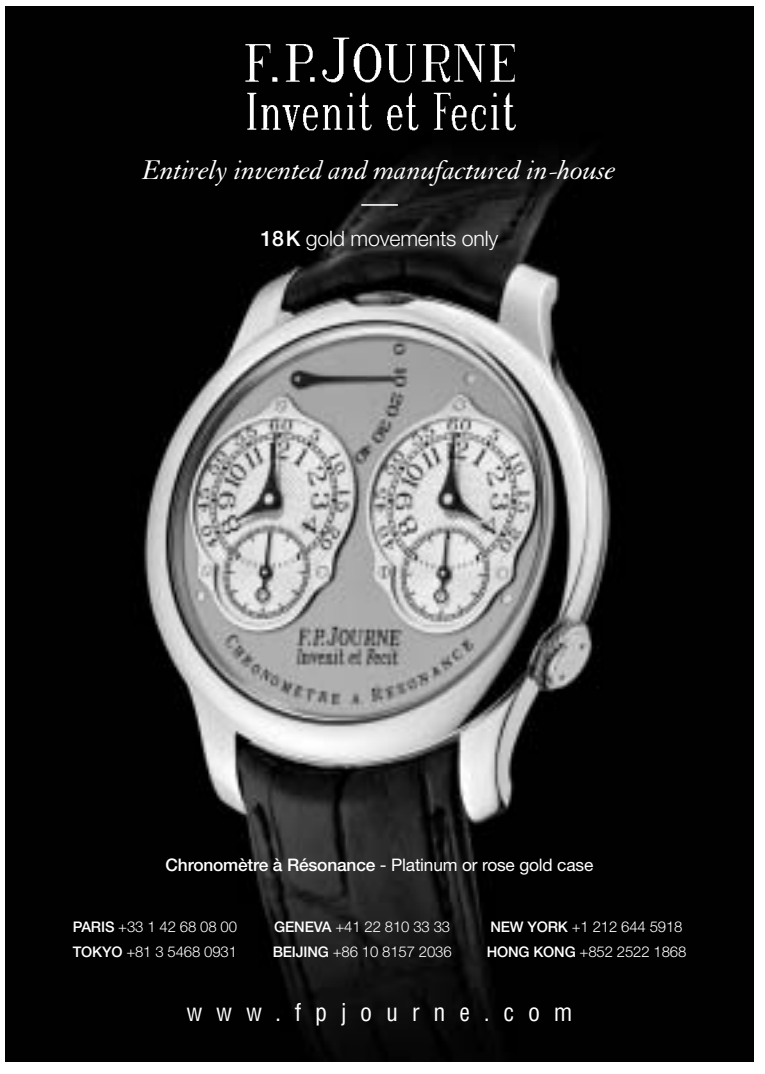
The SEC also brought civil charges against Mr. Rajaratnam and others. In response to the SEC's complaint, Mr. Rajaratnam's lawyers also argued that wire taps used in his criminal case violated his constitutional rights, saying that type of electronic surveillance is only allowed when "alternative investigative procedures have been tried or appear unlikely to succeed."

Mr. Rajaratnam's lawyers said the SEC had been conducting a probe "under the guise of an investigation of another unrelated hedge fund" at the time prosecutors sought to intercept communications and had interviewed numerous witnesses under oath and received thousands of pages of documents from Galleon. None of that was brought to the court's attention in prosecutors' applications to conduct wiretaps in connection with the criminal case, Mr. Rajaratnam's lawyers said.

"Although these facts were well known to the government, the government misrepresented to the court that interviews of Mr. Rajaratnam and others could not be done and 'were too risky,' and that a 'failed interview' would 'seriously compromise the entire insider trading investigation'," his lawyers said.

Mr. Rajaratnam's lawyers also claimed that in the wiretap applications, the government misrepresented to the court that Roomy Khan, a cooperating witness, hadn't been charged with any crimes, when she had been convicted of wire fraud in California in 2001.

"We look forward to presenting our case in court," said John Heine, a SEC spokesman. A spokeswoman for the U.S. Attorney's Office in Manhattan declined to comment.


F.P.JOURNE
Invenit et Fecit
Entirely invented and manufactured in-house
18K gold movements only
Chronomètre à Résonance - Platinum or rose gold case
PARIS +33 1 42 68 08 00
GENEVA +41 22 810 33 33
NEW YORK +1 212 644 5918
TOKYO +81 3 5468 0931
BEIJING +86 10 8157 2036
HONG KONG +852 2522 1868
www.fpjourne.com

Mad rush as gold bugs are given the boot

With vaults overflowing, operators are telling smaller investors to take their bullion elsewhere

By Carolyn Cui

Fleets of armored trucks piled with gold bars and coins have been streaming out of midtown Manhattan in one unexpected consequence of the gold craze.

Amid gold's rise—it has gained 32% this year and reached a record on Monday—investors have been loading up on bullion and coins. One big problem now is where to store it. The solution from **HSBC**, owner of one of the biggest vaults in the U.S.: somewhere else.

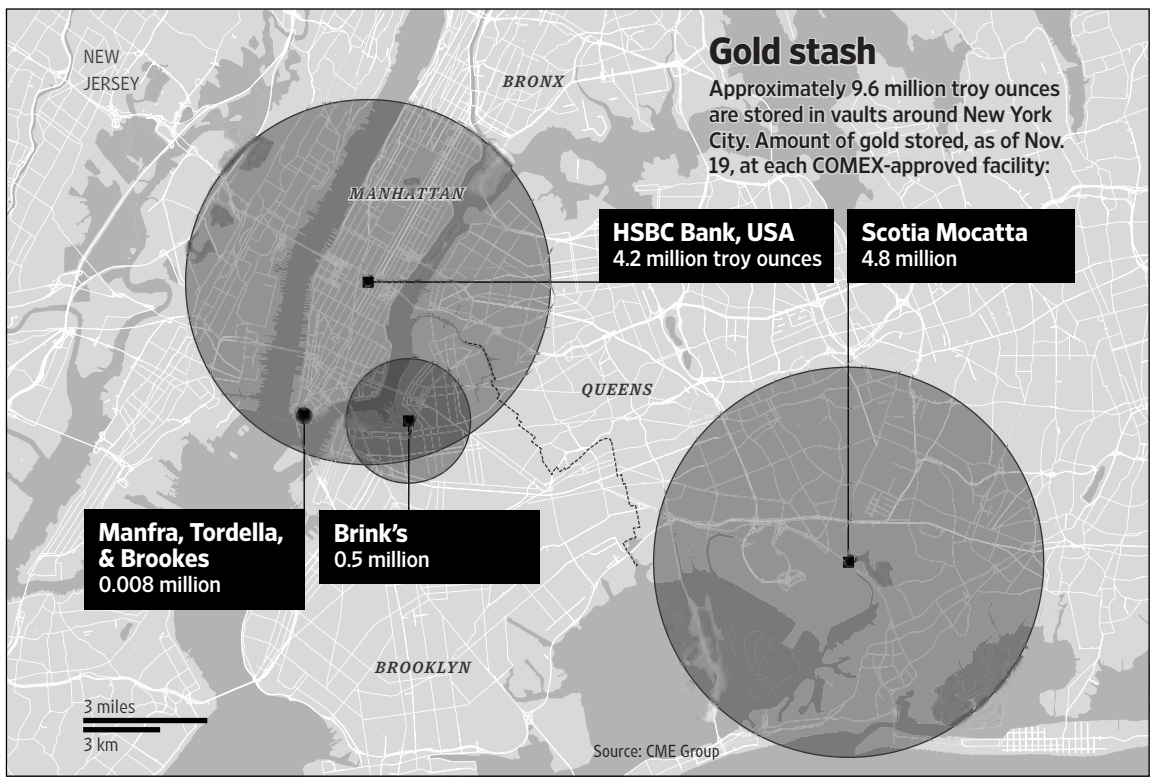
HSBC has told retail clients to remove their small holdings from its fortress beneath its tower on New York City's Fifth Avenue. The bank has decided retail customers aren't profitable enough and is demanding those clients remove their gold to make room for more lucrative institutional customers.

An HSBC spokeswoman said the firm doesn't comment on its vault because of "security concerns."

HSBC's decision has created a logistical nightmare for both the investors and the security teams in charge of relocating the gold, silver and platinum to new vaults across the country. Many of those vaults are also feeling pressure from the surge in demand for space from clients that have stocked up on metal.

Investors have been loading up on gold this year amid worries about inflation and the stability of the U.S. dollar. The metal gained $3.80, or 0.3%, to $1,168.10 an ounce in midday trade Tuesday. As gold has continued to set new records, other investors have flooded in. Many of them are taking possession of the metal, rather than just trading financial contracts linked to it.

Demand for physical gold, including bars and coins, is projected to rise 21% this year to 52.3 million troy ounces, the highest in history, according to CPM Group. Based on today's price, the total value would amount to about $61 billion.



The movement of gold from HSBC has created a stir not only among the bank's clients, but also among owners of warehouses and vaults around the country.

"I have never seen any relocation like this," says Jonathan Potts, managing director of FideliTrade, the parent company of the Delaware Depository Service Co., which has two warehouses in Wilmington. FideliTrade's two vaults have been filling up at an unprecedented pace, in part because it is taking in metal that has been ejected by HSBC.

Dealing with the fallout from HSBC's decision has become a full-time job for David Norris, executive vice president of GoldStar Trust Co., a Canyon, Texas-based retirement-account trustee, which organizes metal storage for its clients.

Mr. Norris says HSBC told GoldStar in July to immediately cease sending coins for storage. GoldStar, which had sent clients' holdings to HSBC for at least 15 years, is now figuring out how to get the coins out of the HSBC vault and down to the Delaware facility. "I can jump up and down and scream all day long about how much I don't like it. But it's their business decision," Mr. Norris says.

Moving the metal is like "a big military operation," he says. Precious metals are typically shipped by insured carrier services or armored-trucking companies. Carriers sometimes ship the metals in plain boxes so as not to attract attention. Trucks are guarded by a team of two or three armed personnel.

Bradley Beyer, a GoldStar customer in Kewaunee, Wis., has 50 100-ounce silver bars stored with HSBC waiting to be moved. "My only concern is that the bars will be moved safely," he says.

HSBC is telling clients to either move their metal or prepare for it to be delivered to their doorsteps. In a July letter, seen by The Wall Street Journal, HSBC said the precious metal "will be returned to the address of record...at your expense," unless instructed otherwise. HSBC recommended clients move their holdings to Brink's Global Services USA Inc., which has a vault in Brooklyn, N.Y. Brink's didn't return calls and emails seeking comment.

Like Mr. Beyer, many investors have recently added precious metals to their retirement accounts. At GoldStar, more than 1,000 new accounts are opened each month to purchase coins in retirement plans, compared with about 100 a month in 2006. Sales of American Eagle gold coins have jumped 65% so far this year, according to the U.S. Mint.

"Many facilities are overloaded," says Bob Coleman, director of customer relations at Gold Silver Vault, a depository in Nampa, Idaho. Mr. Coleman says his vault has taken in several HSBC customers, contributing to the 500% growth in new metal over the past quarter.

Vault and warehouse owners say retail customers tend to be more expensive in part because of their diverse holdings. They usually buy American Eagle or Canadian Maple Leaf coins, and bars of various weights and sizes, all of which need to be categorized and stored separately. In contrast, institutions typically buy standardized bars of 100 or 400 ounces, making them easier to store. Institutions also tend to hold the metal for long periods.

Precious-metal storage isn't as lucrative as it may sound. Many vaults are run on thin margins. The Delaware depository, one of the five major ones in the country, charges $6 each month for a 1,000-ounce silver bar and $12 for a 100-ounce gold bar.

HSBC's vaults contain $6 billion of large gold and silver bars, according to records held by Comex, the metals division of CME Group. There are no data for smaller coins and bars held by individuals.

First Eagle Funds, which runs a family of mutual funds, has 2.2 million ounces of gold stored at HSBC's vault and hasn't been told to vacate the premises. Physical bullion represents "insurance and the safest asset out there," says Rachel Benepe, who runs the First Eagle Gold Fund.

Typically, a vault is protected with a 27-inch thick steel reinforced wall, surrounded with a "mantrap"—a series of doors, each of which opens only after the previous door is locked, Mr. Coleman says.

GM's plan to sell Saab brand collapses

By John D. Stoll

General Motors Co.'s drive to rapidly downsize global operations was dealt its latest setback Tuesday as the buyer for its Swedish Saab brand backed out of an agreement to take over the operation.

GM's board is set to meet next Tuesday for a regularly scheduled meeting, and a discussion on the brand's future will be held then, said a person familiar with the matter.

Koenigsegg Group AB, a Scandinavian maker of exotic sports cars, said it ended negotiations over Saab, citing delays in closing the deal that led to "risks and uncertainties." The company said "time always played a critical factor in our strategy for reviving the company."

GM Chief Executive Frederick "Fritz" Henderson said in a written statement that the company is "obviously very disappointed" with Koenigsegg's decision. Mr. Henderson said GM will take the next several days to assess the situation and will update the public next week on its next steps.

GM's agreement with Koenigsegg included hundreds of millions of dollars in financial backing from the Swedish government. Koenigsegg was planning to join with China's **Beijing Automotive Industry Holdings** to revitalize the brand.

Reuters

Christian von Koenigsegg, founder of Swedish luxury-car builder Koenigsegg, which pulled out of deal to purchase Saab because of 'risks and uncertainties'.

The Swedish government was expected to host a news conference Tuesday to discuss the development.

One of GM's leading options for Saab is to simply kill it, a person briefed on the matter said. The board will have the final say on Saab's future.

GM had been running Saab for the past two decades but failed to make any money on the unit during its run as owner. The brand's two main models–the 9-3 and 9-5 sedans–shared technology with other GM vehicles, but they hadn't been fundamentally redesigned in several years. As with many GM divisions, Saab faced high labor costs, while challenges related to currency exchange due to its Swedish manufacturing base and its brand reputation constricted its business plan.

For Mr. Henderson, the collapse of the Saab deal is the latest in a string of complications related to the sale of brands and divisions. In late September, GM's plan to sell its 20-year-old Saturn division in the U.S. to Roger Penske, who runs a large chain of auto dealerships and other businesses, fell through about a day before GM planned to finalize the transaction. GM immediately decided to shutter Saturn.

More recently, the company's 13-member board changed course from Mr. Henderson's plan for GM's German-based Opel unit. Mr. Henderson had struck a deal with the German government, auto supplier **Magna International** Inc. and Russia's OAO **Sberbank** under which GM would sell control of Opel to Magna and Sberbank, and the German government would fund the bulk of the restructuring needed for the division.

The spotlight is also on Mr. Henderson's ability to complete the sale of Hummer to a Chinese heavy-machinery company that agreed to buy the sport-utility-vehicle division in June. The Hummer sale to **Sichuan Tengzhong Heavy Industrial Machinery** Co. was initially expected to close in the third quarter, but that has been pushed back to December due to a slower-than-expected approval process by the Chinese government.

Agency files more charges in Satyam case

By Ameya Karve

MUMBAI—India's federal probe agency said Tuesday it has filed additional charges against 10 people accused in the accounting scam at software exporter **Satyam Computer Services** Ltd.

The Central Bureau of Investigation said it has added the company's global head of internal audit as an additional accused for deliberately concealing auditing irregularities.

The agency said it has evidence the accused created fake customer identities and generated fake invoices against those names to inflate revenue by about 4.30 billion rupees ($92.5 million). The agency has evidence the accused forged the resolutions passed by the company's board and illegally got loans of about 12.20 billion rupees, it added.

Satyam Computer was embroiled in an accounting scandal after its founder, Ramalinga Raju, admitted in January that he overstated the software exporter's profit and created a fictitious cash balance of more than $1 billion.

Saving the Web's shortcuts

Project seeks to preserve links behind services that shrink Internet addresses

By Andrew LaVallee

The Internet Archive and more than 20 Web companies are banding together to preserve the historical records of the abbreviated Internet addresses that are passed around on services such as Twitter.

Services such as Bit.ly and TinyURL allow consumers to convert a lengthy Web address into a miniaturized one. They have soared in popularity in recent years with the advent of Twitter, which limits users to 140 characters per post. Shortened links are also used in emails, text messages and updates on social-networking sites like Facebook and MySpace.

Bit.ly, for example, says consumers use its site to shorten 40 million Web addresses a day. However, since most link-shortening services are unprofitable start-ups, archivists and Internet users worry that if one goes under, its links would stop directing users to the correct, longer Web address.

"If one of these organizations were to go away, then it's like part of the whole Web going dark," says Brewster Kahle, co-founder of the Internet Archive, a San Francisco nonprofit that makes backups of Web sites through its Wayback Machine.

The archiving project has implications for the legal profession. The Wayback Machine is used by lawyers to look at sites on a particular date, and shortened links could increasingly be called on as well, making their stability a key issue.

For example, a defamation suit might hinge on a Web site that a plaintiff links to in an email, said Jonathan Pink, an attorney at **Bryan Cave LLP**. "You have to go to the link to get the defamation," he said. "If the link is now broken, then you can't really prove your case."

Concerns about the longevity of start-ups that provide shortened Web addresses was sparked in August when one service, Tr.im, said it it would close its doors. It has since changed its plans.

"Many of these companies are likely to go out of business," says Stowe Boyd, director of the archiving project, dubbed 301Works.

Link-shortening services exist in a crowded, revenue-challenged space. Most are offered free to consumers, though a few are ad-supported or sell premium options such as customized URLs. The market is also dominated by Bit.ly, the default shortener on Twitter, and TinyURL, which started in 2002.

Most of the services work by using URL redirection, which automatically transfers users from the shortened link to the destination page. If a service shutters, however, the forwarding path may be lost, rendering the shortened links inoperable.

Bit.ly initially tried to coordinate the project on its own but was stymied because rivals were reluctant to sign up without a neutral third party involved, says John Borthwick, chief executive of **Betaworks Studio** Inc., the New York media company that operates Bit.ly.

While the lapse of a competitor wouldn't be a problem for Bit.ly, he says, Betaworks operates Twitterfeed and is an investor in TweetDeck, two related services that give customers multiple link-shortening options and would be disrupted by the loss of one.

"In the real-time Web, for better or for worse, in sickness and health, short URLs are part of the life of this new platform that's emerging," he says.

Companies participating in the archiving project will periodically record the short addresses they generate, along with the original sites they point to. The Internet Archive will store the information privately. If a provider closes or ends its service, the Internet Archive will give 301Works control of the site so that it can support continued operation of the shortened links.

One participating company has already disclosed plans to shutter its service, Mr. Boyd says, though he declined to identify it. Others "in a gray zone" have expressed interest in joining the project, he says.

TinyURL, which generates a million links a day and has created 435 million to date, isn't a 301Works participant, but its founder, Kevin Gilbertson, said he's considering it.

"I see the project as primarily benefiting the smaller URL shorteners as I have seen a few of them come and go," he says, noting that if he ever discontinues his service, he would ensure that existing links stayed intact.

db x-trackers
Simply buy the market

db x-trackers ETFs – abundant liquidity committed by Deutsche Bank

Here's to flexible trading, to provide liquidity when it matters.

Deutsche Bank as the market maker is fuelling our db x-trackers ETF with abundant liquidity allowing investors to trade our ETFs throughout the market hours.

Tight spreads combined with large trading size – that's what made db x-trackers Europe's fastest growing ETF provider[1].

Your advantages with db x-trackers ETFs:
- Abundant liquidity
- Low tracking error
- Low cost index investment
- Long and short exposure to equity markets
- Access to money market

db x-trackers – Deutsche Bank Exchange Traded Funds

For further information:
E-mail: info.dbx-trackers@db.com
Website: www.dbxtrackers.com
Bloomberg: DBETF<GO>
Reuters: DBETF

A Passion to Perform.

Deutsche Bank

[1] Source: BGI ETF Landscape Industry Review from Barclays Global Investors, January 2009 – Year End 2008 Review.

Important:
This advertisement has been approved and/or communicated by Deutsche Bank AG London. This advertisement is intended as a branding exercise only and not an offer to enter into any transaction.

© Deutsche Bank AG, 2009

EU closes Qualcomm investigation

By Adam Cohen

BRUSSELS—The European Commission Tuesday dropped a four-year antitrust investigation into chip maker **Qualcomm** Inc. without taking any action, putting to rest one of its last outstanding monopoly-abuse probes of a U.S. technology company.

The commission, the European Union's regulatory arm, neither levied a fine nor absolved Qualcomm. It said the companies that had complained about Qualcomm's behavior have withdrawn their objections, or are planning to, and that it wouldn't be "appropriate to invest further resources in this case."

In 2005, six rivals and customers—**Broadcom** Corp., **Telefon AB L.M. Ericsson**, **NEC** Corp., **Nokia** Corp., Panasonic Mobile Communications Co. and **Texas Instruments** Inc.—told the commission that Qualcomm's royalty fees for licensing patents were excessive and that its tactics have kept other companies from entering the market for chips used in mobile phones.

Qualcomm, based in San Diego, makes chips for cellphones and charges royalties to handset makers and chip makers that use technology covered by its patents. The fees have long been unpopular among competing chip makers, who argue that they give Qualcomm chips a price advantage competitors can't match easily.

The commission began a formal antitrust investigation in 2007. The move to drop the probe represents a bit of housekeeping for EU antitrust chief Neelie Kroes, who is expected to leave her post in the coming months as the bloc reshuffles commissioners.

Earlier Tuesday, Ericsson and NEC said they had withdrawn complaints made to the commission about Qualcomm's licensing fees.

"Throughout the investigation we have fully cooperated with the commission, while steadfastly maintaining that our business practices have enhanced consumer welfare," Qualcomm's general counsel, Don Rosenberg, said in a statement.

Barnes & Noble sees holiday hurdles

By Nathan Becker

Barnes & Noble Inc.'s sales rose in its fiscal second quarter, but the company's loss widened on charges.

The bookstore chain said it expects "retail traffic will remain challenged during the holiday selling season."

Meanwhile, rival **Borders Group** Inc. on Tuesday reported continued weak sales last quarter, though its loss narrowed significantly in the absence of year-earlier write-downs.

Barnes & Noble forecast that comparable sales at its namesake bookstores will fall 1% to 3% for its fiscal third quarter, which ends in January. For the fiscal year, the company cut its earnings forecast to 33 cents–63 cents a share, down 26 cents on both ends of the range.

Barnes & Noble's shares were down 6.7%, while Borders' shares were down 9% in afternoon trading.

Barnes & Noble said that because of "overwhelming customer demand" for its not-yet-released electronic reader, the Nook, the company is ramping up the device's production schedule. That will mean higher-than-expected costs.

Earlier this month Barnes & Noble, based in New York, said preorders would ship later than expected. The Nook is effectively out of stock and orders placed now are expected to begin shipping on Jan. 4. Barnes & Noble, the biggest bookstore chain in the U.S. by revenue, introduced the Nook to compete with **Amazon.com** Inc.'s Kindle and e-readers from **Sony** Corp.

Brick-and-mortar booksellers have suffered from declining sales as retail traffic dropped in the economic downturn. Shoppers also have turned to online and discount booksellers. To help diversify, Barnes & Noble in August bought Barnes & Noble College Booksellers for $596 million. The two companies had operated separately since Barnes & Noble went public in 1993.

Barnes & Noble reported a loss of $24 million, or 43 cents a share, for the quarter ended Oct. 31, from a year-earlier loss of $18.4 million, or 34 cents a share. The latest quarter included 13 cents in charges on the College Booksellers deal.

Revenue jumped 4.3% to $1.2 billion. Comparable-store sales, those at locations open at least a year, slid 3.2%.

Borders, the second-biggest bookstore chain, has responded to declining sales by cutting inventory and capital spending and closing many of its Waldenbooks locations.

Borders reported a loss of $37.7 million, or 63 cents a share, for the fiscal third quarter, ended Oct. 31, from a year-earlier loss of $175.4 million, $2.90 a share. Excluding $133 million in prior-year write-downs and other effects, the loss widened to 65 cents from 64 cents.

Revenue dropped 13% to $602.5 million for the Ann Arbor, Mich., company. Comparable-store sales dropped 12% and 7.2% at Borders superstores and Waldenbooks stores, respectively.

Sale of shares fuels JAL stock drop

Continued from page 21

vestors some kind of realistic hope for restructuring. "It is not certain whether JAL will go through a private reorganization or file for bankruptcy," Citigroup analyst Naoko Matsumoto wrote in a report Tuesday. "But even if it stays clear of bankruptcy, we think value for existing shareholders will be substantially reduced on dilution accompanying a big capital increase."

"Individual day traders are toying with JAL shares," said Credit Suisse equity head Kyoya Okazawa.

JAL said Tuesday it had reached an agreement with the Development Bank of Japan that would give it access to bridge loans needed to stay in business. It said it received official confirmation from Transport Minister Seiji Maehara that it faces a state of serious impairment of its corporate activities and flight operations.

With Mr. Maehara's confirmation, JAL and the development bank signed an agreement under which the airline can draw loans needed to sustain flight services, the company said in a statement.

Earlier in November, JAL said it was considering asking for 125 billion yen in bridge funds from a state-backed lender and other institutions.

The sale sparked speculation that others might follow.

JAL is in separate talks with Delta Air Lines Inc. and American Airlines parent **AMR** Corp. about forming tighter ties with one of the U.S. airlines. It plans to conclude those talks by year-end.

—Kazuhiro Shimamura contributed to this article.

Medtronic's earnings increase 59%

Medical-devices maker raises outlook for fiscal year as revenue from defibrillator business climbs

By Jon Kamp

Medtronic Inc.'s fiscal second-quarter earnings surged 59% with help from strong revenue growth and an implantable-defibrillator business that appeared to shrug off problems affecting rivals.

The Minneapolis-based medical-devices company raised its earnings guidance for its fiscal year that runs through next April and backed its short-term and long-term targets for sales growth.

William A. Hawkins, Medtronic's chairman and chief executive, said in a news release that the company is "well-positioned to deliver on our commitments for the balance of our fiscal year and to launch innovative new products to drive further growth in the coming years."

The company posted a profit of $868 million, or 78 cents a share, in the quarter ended Oct. 30, up from $547 million, or 48 cents a share, a year earlier. Excluding items including a litigation gain in the recent quarter and a charge a year earlier, Medtronic said per-share earnings rose to 77 cents from 67 cents.

Sales rose 7.5% to $3.84 billion.

The company's business for implantable cardioverter defibrillators, or ICDs, was a big help. ICD sales increased 4.1% to $754 million. J.P. Morgan analyst Michael Weinstein said Wall Street had expected a slight decline to $720 million.

ICDs provide shocks when needed to address potentially deadly heartbeat patterns. Sales in Medtronic's larger heart-rhythm business, which also includes pacemakers, rose 2.9% to $1.28 billion.

Concerns about a slowdown in the heart-rhythm market and pressure on product prices were raised last month after third-quarter reports from Medtronic rivals **Boston Scientific** Corp. and **St. Jude Medical** Inc. But Medtronic, which represents about half of the $11 billion global market, said its business didn't experience much new pressure on prices, and the company also said the world-wide ICD market continues to grow in a midsingle-digit percentage range.

CEO Hawkins told analysts that there was no U.S. slowdown in customer buying patterns, and only a low single-digit-percentage decline in ICD prices.

Hospitals looking to save money on costs for pricey devices can put pressure on device manufacturers, but steadily rolling out new products is a way to defend against this. "There's never been a time when innovation is more important," Mr. Hawkins said in an interview.

Meanwhile, Medtronic disclosed last week that its heart-rhythm business received a warning letter from the FDA detailing issues the agency found at the unit's Minnesota headquarters. "We are working diligently with the FDA to resolve this in an expeditious manner," Mr. Hawkins told analysts Tuesday.

Elsewhere at Medtronic, sales of spinal devices rose 4%. Sales of the bone-growth product InFuse, which were hurt last year by a U.S. Food and Drug Administration safety notice about complications when it is used in neck vertebrae, rose 11% with help from easier comparisons.

Sales of cardiovascular products rose 17%.

Medtronic raised its fiscal 2010 earnings guidance to a range of $3.17 to $3.22 per share, up from prior guidance of $3.10 to $3.20 per share. The company also backed its goal of increasing sales by 5% to 8%, excluding the impact of foreign currency, for the second half of the fiscal year and beyond.

HAPPY DAYS FOR INDIA'S 40 RICHEST
भारत के सबसे अमीर
Forbes
Asia
THE REAL DEAL
Kalanithi Maran's Sun TV gained dominance in India's underserved, prospering South
Also:
Ho Chi Minh's Condo Boss
Iskandar Dream at Hand

Entry Fee: $1.35 Billion

That's how much it takes to join the list of India's 40 richest.

Read all about it in the latest issue of Forbes Asia.

On newsstands now.

To subscribe, e-mail subscribe@forbesasia.com.sg

Forbes Asia

Lehman offers to thaw assets in the U.K.

By Mike Spector

Lehman Brothers Holdings Inc.'s bankruptcy estate in the U.K. issued a proposal to hedge-fund creditors aimed at unfreezing about $11 billion in assets.

The "claim resolution agreement" is a bid to return assets tied up in the estate of Lehman Brothers International Europe, the main European arm of the U.S. investment bank that tumbled into bankruptcy last year and helped set off the worst of the credit crisis. The assets have been snarled since Lehman's bankruptcy filing in September 2008, frustrating some hedge funds that made trades through the firm before it collapsed.

Lehman's bankruptcy, with more than $600 billion in assets, ranks as the largest corporate failure. Sorting through creditors' claims has been complicated by the fact that assets were held by some 80 subsidiaries around the globe.

Under the plan proposed to about 600 of Lehman's U.K. clients, the estate would attempt to return $11 billion in assets sometime before April and close out their positions. For the plan to be approved, 90% of the affected clients must support it.

If the plan is rejected, "it could take years to ultimately return all client assets," said Steven Pearson, joint administrator of Lehman's bankruptcy estate in the U.K. and a partner at **PricewaterhouseCoopers LLP.**

The plan comes after a U.K. court rejected the estate's attempt to use a special legal tool called a scheme of arrangement to speed the return of client assets.

Under the new proposal, Lehman's U.K. estate will have a "formal framework" to return assets recovered by Lehman's U.S. estate to U.K. clients. Lehman's estate in the U.S. is "extremely supportive of this resolution agreement," said Daniel Ehrmann, a managing director at turnaround firm **Alvarez & Marsal** and head of international operations for Lehman's U.S. estate.

Lehman's U.K. estate held about $35 billion in hedge-fund clients' assets when Lehman filed for bankruptcy. The U.K. estate said it has returned about $13.3 billion so far.

MARKETS

Asian nations unlikely to restrict inflows

Countries will fight inflationary effects after capital pours in, rather than blocking its entrance

By David Roman

SINGAPORE—Asian countries are likely to put measures in place to curb the inflationary effect of accelerated investment inflows into the region rather than introduce any hard capital controls, analysts said.

Rather than restricting flows of capital across borders, the measures would target money already onshore to prevent asset bubbles from forming in areas such as real estate and stock markets. These areas are already feeling the pull of big capital inflows chasing the rebound in Asia's economy at a time when price pressures are also mounting across the region.

Indonesia and India are the most likely candidates to target inflows, analysts say. Both have much higher interest rates than developed countries, a magnet for hot money.

In economic upswings, such flows add to liquidity, pushing up inflation and asset prices; when things turn down, the money heads for the exit, often leading to market crashes, as in the 1997-98 Asian currency crisis.

More money

Foreign-exchange reserves for selected Asian economies, in billions of U.S. dollars

	October 2008	October 2009	Change from previous year
China*	$1,906	$2,273	↑ 19%
Japan	978	1,057	↑ 8%
Taiwan	278	341	↑ 22.7%
India	253	284	↑ 12%
Thailand	103	135	↑ 31%
Indonesia	51	65	↑ 27.5%

*China's latest reserve figure is for end of September

Source: central banks

Recent speculation about possible capital controls has already singed some Asian currencies.

In Indonesia, a central-bank official rattled markets last week when he said Bank Indonesia would study the pros and cons of limits on foreign ownership of its short-term bills called SBIs, though he said the central bank wasn't planning to implement such a measure.

On Tuesday, the U.S. dollar was trading at 9,475 rupiah, up from 9,372 rupiah before the comments were made.

In Taiwan, a limit on time deposits for foreigners had a similar chilling effect on the New Taiwan dollar. This has been offset, to some extent, by plans to lower the tax on bond interest income to 15% from 20% to increase bond trades.

According to Sanjay Mathur, head of economics for Asia excluding Japan at Royal Bank of Scotland, this is a clear sign that foreign capital is still welcome.

Any new measures would likely be small in scope. Analysts said they expect caps on foreign ownership of short-term government notes and external borrowing by local firms, as well as reductions in yields on nonresident deposits.

Governments are likely to be cautious as memories are still fresh of the pounding Thailand took after it set strict reserve requirements for portfolio inflows in 2006, leading to an exodus of foreign investors. Similar consequences followed rigid capital controls introduced by Malaysia following the regional crisis in the 1990s.

"The outcome of those measures was that those countries were isolated from the global economy," Mr. Mathur said. "The fear is definitely there."

Jonathan Anderson, chief Asian economist at UBS, said administrative steps to manage fund inflows, while falling short of strict capital controls, are practically unavoidable in countries with relatively high interest rates.

As they look to maintain export competitiveness, most Asian central banks are trying to slow the rise of their currencies by buying U.S. dollars.

The Asian Development Bank on Tuesday warned that the impact of rapid fund inflows could be destabilizing for Asia's economy.

"It makes sense to me if governments or monetary authorities try to limit capital inflows, particularly in the short, liquid segments of the market," said Noritaka Akamatsu, senior adviser in the ADB's office of regional economic integration.

—Ellen Sheng and Ditas Lopez contributed to this article.

Korea Deposit Insurance unloads 7% of Woori Finance for $751.4 million

By Jin-Young Yook

SEOUL -- State-run **Korea Deposit Insurance** Corp. sold a 7% stake in **Woori Finance Holdings** Co. for 866 billion South Korean won ($751.4 million) in a block trade before the market opened Tuesday, in pursuit of an eventual privatization of the financial holding company.

The 56.42 million shares were priced at 15,350 won each, a 4.4% discount to Woori's closing price Monday of 16,050 won, KDIC said in a statement.

Citigroup Inc., **UBS** AG, **Samsung Securities** Co. and a Woori unit were joint bookrunners of the deal.

"The block deal shows our conviction to pursue privatization of Woori Finance Holdings, and to maximize the value of the remaining stake we hold by increasing the share float," KDIC said.

It said foreign and domestic investors showed strong interest in the block trade.

KDIC plans to eventually cut its shareholding to 50% plus one share and sell the controlling stake for a premium.

KDIC now holds 66% of Woori Finance and wants to cut that to 50% plus one share before selling the controlling stake for a premium.

KDIC said it now holds 66% of Woori Finance following the block deal and hasn't decided the schedule for the next share sale.

"The overhang issue in regard to the government having to reduce its shareholdings will continue to play as a negative factor for Woori's share price, which can also be an opportunity for investors to buy because the valuation will eventually recover," said Shim Kyu-sun, an analyst at HI Investment & Securities. Mr. Shim has a "buy" rating on Woori Finance with a six-month target price of 22,100 won.

Shares of Woori Finance ended 1.6% lower at 15,800 won.

KDIC has injected a total 12.8 trillion won of public funds to bail out Woori Finance and has so far retrieved four trillion won.

It previously sold a 5% stake in Woori Finance for 916.8 billion won, or 22,750 won per share, in a June 2007 block deal.

Prime Infrastructure tumbles 18%

By Bill Lindsay

SYDNEY—Transport and energy infrastructure fund **Prime Infrastructure Group** fell 18% after it recommenced trading following a 1.80 billion Australian dollar (US$1.67 billion) capital injection and restructuring, in a sign that investors remain choosy about investing in infrastructure funds.

Analysts said uncertainty over the value of the group's assets, a lack of interest from large investment funds wary after the group's near-collapse, and the exit of some shareholders all weighed on the security's price on the Australian stock exchange.

The former Babcock & Brown Infrastructure Group opened at A$4.50, an 11% discount to the A$5.08 a share paid by its new cornerstone investor, Canada's Brookfield Asset Management Inc.

The price of Prime Infrastructure eased further over the day to close at A$4.15, giving the new firm a market capitalization of around A$1.46 billion.

An infrastructure analyst who declined to be named said sellers were hedge funds and other investors in BBI that had exchanged preference shares, which were converted into ordinary securities representing 16% of the firm as part of the restructuring.

He added that some investment funds have "basically zero interest," after security holders saw their investment in the debt-laden fund fall 98% since May 2007.

The recapitalization, approved by investors on Nov. 16, included a A$625 million placement to Brookfield, a global property and infrastructure investor with more than US$80 billion in assets under management, a A$625 million institutional placement and a A$250 million security purchase plan.

The group reverted to its original name after investors approved the restructuring proposal that included the removal of a unit of failed investment bank Babcock & Brown Ltd. as its manager.

Matthew Spence, head of infrastructure and utilities at Merrill Lynch, said that while he is still assessing the fair value of the restructured global infrastructure fund, recent news that its most valuable asset—a 26% stake in Natural Gas Pipeline Co. of America—is under a pricing review from U.S. energy regulators is a concern.

"It wasn't something we expected, and they're not going to get a determination for 12 months, but it can't be construed as a positive," Mr. Spence said.

A Prime Infrastructure spokesman wasn't available for comment.

Legal Notices

INTERNATIONAL NOTICES

IN THE GRAND COURT OF THE CAYMAN ISLANDS **CAUSE NO 258 of 2006**
IN THE MATTER OF THE FOLLOWING COMPANIES:

SPhinX Managed Futures Fund SPC (In Official Liquidation) ("SMFF"), SPhinX Long/Short Equity Ltd. (In Official Liquidation), SPhinX, Ltd. (In Official Liquidation), SPhinX Long/Short Equity Fund SPC (In Official Liquidation), PlusFunds Manager Access Fund, SPC Ltd. (In Official Liquidation), SPhinX Fixed Income Arbitrage Ltd. (In Official Liquidation), SPhinX Convertible Arbitrage Fund SPC (In Official Liquidation), SPhinX Convertible Arbitrage Ltd. (In Official Liquidation), SPhinX Distressed Fund SPC (In Official Liquidation), SPhinX Distressed Ltd. (In Official Liquidation), SPhinX Equity Market Neutral Fund SPC (In Official Liquidation), SPhinX Equity Market Neutral Ltd. (In Official Liquidation), SPhinX Fixed Income Arbitrage Fund SPC (In Official Liquidation), SPhinX Macro Fund SPC (In Official Liquidation), SPhinX Macro, Ltd. (In Official Liquidation), SPhinX Managed Futures, Ltd. (In Official Liquidation), SPhinX Merger Arbitrage Fund SPC (In Official Liquidation), SPhinX Merger Arbitrage, Ltd. (In Official Liquidation), SPhinX Plus SPC, Ltd. (In Official Liquidation), SPhinX Special Situations Fund SPC (In Official Liquidation), SPhinX Special Situations, Ltd. (In Official Liquidation), SPhinX Strategy Fund Ltd. (In Official Liquidation), (described as the "SPhinX Group of Companies (In Official Liquidation)").

As Consolidated by the Order of the Grand Court of the Cayman Islands ("Grand Court") dated 6th June 2007 as Grand Court Cause No 258 of 2006

IN THE MATTER OF THE COMPANIES LAW (2007 REVISION)

NOTICE OF INTENTION TO DECLARE A FINAL DIVIDEND

TO: To Creditors of the SPhinX Group of Companies (In Official Liquidation)

TAKE NOTICE that the Joint Official Liquidators ("JOLs") intend to declare a final dividend upon the sanction of the Schemes referred to below by the Grand Court.

BACKGROUND

1. On 28th July 2006 the Grand Court granted orders providing for the winding up of the above companies, other than SMFF for which the Grand Court granted an order of its winding up effective 8th August 2006.
2. Since being directed by the Grand Court on 27th June 2007, the Liquidation Committee ("LC"), with the assistance of the JOLs, have been working towards producing schemes of arrangement ("Schemes") in respect of a number of the above companies for the purpose of compromising a number of issues that have arisen affecting the rights of certain persons who are, or who may claim to be, shareholders or creditors of such companies (together "Investors").
3. The JOLs and the LC are in the process of drafting Schemes for SPhinX Ltd, PlusFunds Manager Access SPC Limited, SPhinX Strategy Fund Limited, SPhinX Plus SPC Limited, SPhinX Managed Futures Limited and SPhinX Managed Futures Fund SPC (together "the Scheme Companies"). The Schemes will effect a compromise or arrangement between the Scheme Companies and their respective Investors and will thereby facilitate an earlier and more cost-effective distribution of assets to those persons than if the issues which have arisen were left to be resolved by litigation in the winding up of the Scheme Companies.
4. The remaining companies in the SPhinX Group of Companies (In Official Liquidation) (the "Non-Schemed Companies") are not proposing to effect schemes of arrangement to compromise or arrange the rights of their creditors or shareholders.
5. However, under the Schemes, the rights of the Non-Schemed Companies against the Scheme Companies will be subject to the compromise or arrangement effected by the Schemes and the Non-Schemed Companies will agree to be bound by the terms of the Schemes.
6. The Non-Schemed Companies will distribute their assets in the liquidation in the ordinary way. To the extent that there are surplus assets after payment to creditors and provisions for reserves, these assets will be paid up and combined with other feeder fund assets.
7. Persons with valid claims (i) in respect of goods or services provided to the Scheme Companies (including the services of the Scheme Companies' portfolio managers, except to the extent that their claims arise out of being issued with S Shares) or (ii) pursuant to contractual indemnities given by the Scheme Companies, will not be included within the classes of Investors and will not be subject to the Schemes.
8. Persons with valid claims against Non-Schemed Companies, however such claims arise, will not be subject to the Schemes.
9. The JOLs intend to provide a full reserve for all persons with valid claims against the Non-Scheme Companies and against all persons with valid claims against the Scheme Companies which will not be subject to the Schemes (together "Non-Schemed Claimants"), and to pay a final distribution in the liquidations of the Schemed Companies and in the Non-Schemed Companies after the Schemes have been approved and are effective.
10. In order to ensure adequate assets are set aside for Non-Schemed Claimants, the JOLs are calling for proofs of debt from all Non-Schemed Claimants who have not yet submitted such claims or who wish to submit an amended claim.

REQUEST TO SUBMIT PROOFS OF DEBT

11. If you are, or represent, a Non-Schemed Claimant, the JOLs hereby seek the submission of a proof of debt not later than 28 February 2010.
12. Any Non-Schemed Claimant, who has not already lodged their proof of debt with the JOLs, must do so no later than 28 February 2010. The JOLs are not obliged to adjudicate upon any proof of debt received after this date with the result that your failure to lodge a proof of debt by the final date for proofing may result in you being excluded from the final distribution.

If you have any questions or require additional information concerning this notice, please contact Pauline Parchment at the JOLs on 1-345-947-4700.

DATED the 18th day of November 2009.

Kenneth M. Krys and Margot MacInnis
The Joint Official Liquidators
SPhinX Group of Companies (in Liquidation)

Address for service:
Krys & Associates (Cayman) Ltd., Governors Square, Building 6, 2nd Floor, 23 Lime Tree Bay Avenue, Grand Cayman, KY1-1205, Cayman Islands, Contacts: Kenneth M. Krys and Christopher Stride, Tel: 345-947-4700 Fax: 345-946-6728, E-mail: Kenneth.Krys@krysandassoc.com and Chris.Stride@krysandassoc.com

Attorneys:
Ritch & Conolly, P.O. Box 1994, 4th Floor Queensgate House, 113 South Church Street, George Town, Grand Cayman KY1-1104, Contacts: Cherry Bridges and Alex Horsbrugh-Porter, Tel: 345-949-7366 Fax: 345-949-8652, E-mail: cbridges@rc.com.ky and ahporter@rc.com.ky

MARKETS

Bailout of AIG bedevils the rescuer

Easing compensation rules could aid insurer (and U.S. taxpayers), but anger the public

By Deborah Solomon

Bloomberg News (2); Reuters (Benmosche)

AIG CEO Robert Benmosche , left, Kenneth Feinberg and Timothy Geithner

WASHINGTON—Since becoming a ward of the state, giant insurer **American International Group** Inc. has had a powerful ally: the U.S. government.

In the latest example, some federal officials are pressing the U.S. pay czar to ease up on compensation restrictions at AIG for 2010, arguing that the firm, and ultimately the taxpayer, would suffer if the curbs are too severe, according to people familiar with the matter.

The relationship between AIG and the government is proving to be a political headache for the Obama administration. Earlier this year, the Treasury and the Federal Reserve Bank of New York failed to stop controversial bonuses at the firm. Last fall, in an effort to staunch a cash bleed at AIG, they agreed to fully compensate big banks that bought AIG's insurance on risky assets.

The bailout of AIG, owned 80% by taxpayers, is one of the most controversial of the government's unpopular bailouts. Yet with so much taxpayer money at stake, the government is asserting its ownership.

"AIG is the best example of why the government should never get itself in the position of even having to make these tradeoffs," said Anil Kashyap, an economics professor at the University of Chicago Booth School of Business. "It's why you don't want the government involved in the private sector in the first place."

Treasury Secretary Timothy Geithner, who ran the New York Fed when it bailed out AIG last year, has come in for particular attack by critics who say he is putting the interests of Wall Street ahead of Main Street.

Federal officials say their intent has been to protect the financial system from an AIG collapse, which Federal Reserve Chairman Ben Bernanke warned could have plunged the U.S. into a 1930s-style meltdown. As the controlling shareowner, the government says its aim is to make the company strong enough to someday repay the roughly $90 billion it owes the government.

"The company is in a much stronger position today to repay the government, and that's in all of our interests," a Treasury spokesman said.

The biggest flashpoint has been over compensation, a hot-button political issue with Wall Street bonuses back on track and unemployment climbing above 10%.

Last month, Kenneth Feinberg, the U.S. pay czar, announced he cut 2009 compensation, including salaries and stock, for the top 13 AIG employees by 57%. In recent weeks, officials from the New York Fed and the Treasury Department have urged Mr. Feinberg to avoid making 2010 pay similarly restrictive for some top AIG executives and employees, according to people familiar with the discussions.

Fed and Treasury officials told Mr. Feinberg that tough restrictions could ultimately jeopardize the government's ability to recoup its roughly $90 billion in loans because key employees would leave. Unlike other firms subject to Mr. Feinberg's review, AIG isn't expected to pay back the government's investment for several years, making it subject to the pay czar's rulings for the foreseeable future.

U.S. officials made a similar argument to Mr. Feinberg ahead of his 2009 decision, these people said. At the government's urging, Mr. Feinberg let three top AIG employees keep their full 2009 retention awards after the individuals balked at renegotiating the payments. However, Mr. Feinberg made other cuts to compensate for allowing the full amounts to be paid.

AIG has been making the same argument to Mr. Feinberg and other officials. Government officials say the firm has been among the most aggressive in pushing back against proposed pay curbs.

The government's relationship with AIG is raising concerns among lawmakers and others, who question whether the U.S. is looking out for the interests of taxpayers. A report by the special inspector general overseeing the Troubled Asset Relief Program said the New York Fed "refused to use its considerable leverage" to compel AIG's trading partners, including **Goldman Sachs Group** Inc., to accept lower prices for more than $60 billion in complex securities they insured with AIG.

The Treasury and the Fed argued the U.S. had to either make the payments in full, which it did, or allow AIG to file for bankruptcy, which they say would have caused broad economic ruin.

Government officials say the securities the government bought from AIG's counterparties are now worth more than the loan issued to finance the purchases. The New York Fed originally lent $24.3 billion to finance the purchase of the securities. At the end of September, the outstanding loan was $19.3 billion, while the portfolio was valued at $23.5 billion.

Rep. Scott Garrett (R., N.J.) said the report underscores the peril of having the government making decisions for private companies. "The public now is going to be suspect of what the government is doing on their behalf with AIG, and that's not good for Wall Street or Main Street," he said.

Others say the government is right to advocate on behalf of AIG. "Unfortunately...the truly emotionally satisfying things are all going to just hurt us," said Douglas Elliott, a fellow with the Brookings Institution. "The taxpayer is better off venting their anger in a different way rather than punishing the companies that we own."

From the beginning, problems with AIG's compensation have bedeviled the government. A year ago, when the government was structuring its second rescue of the firm, a handful of Treasury officials pushed for tough compensation curbs, but met resistance from other officials who worried about an exodus of talent, according to former Treasury officials. The government did ultimately require some compensation restrictions.

In March, AIG ignited a political firestorm when it paid $165 million in retention bonuses. Officials at the New York Fed had long been aware of the payments but didn't attempt to stop them, and only alerted Treasury a few days before the money was to go out the door. Mr. Geithner ultimately allowed the payments after concluding the government had no legal standing to block them.

CNBC ASIA BUSINESS LEADERS AWARDS
An Award Above the Rest
Catch the Asia Business Leaders Awards LIVE
Which leader's vision will pave the way forward, creating opportunities amidst adversity? Who does it best, and how? Get the answers when CNBC honors the region's top leaders on 26 November. Join CNBC's Maria Bartiromo in a special one-hour event, LIVE from Singapore for the 8th Asia Business Leaders Awards, as she takes you through interviews and award presentations.
The Asia Business Leaders Awards honors the best-of-the-best, celebrating their strength, innovation, ingenuity and foresight.
Show time:
26 November 2009
8pm (SIN/HK)
For more information about the Awards, please log on to http://abla.cnbc.com.
PRESENTING SPONSOR
Standard Chartered
ASSOCIATE SPONSORS
Mercedes-Benz
Datacraft
TELECOMMUNICATIONS PARTNER
axiata
OFFICIAL HOTEL
CAPELLA
KNOWLEDGE AND RESEARCH PARTNERS
CHICAGO BOOTH
DDI
SUPPORTED BY
HELD IN
Singapore

MARKETS

Kuwait considers a new oil benchmark

Gulf state may follow Saudis in switching to Argus Sour Crude Index from West Texas Intermediate

By Dania Saadi

DUBAI—Kuwait could follow Saudi Arabia and switch its benchmark for pricing oil sold to U.S. customers to the Argus Sour Crude Index from Platt's West Texas Intermediate, oil officials said.

"Kuwait could look at it definitely because we don't think the pricing peg today to the [West Texas Intermediate] is really representative of the market," a senior Kuwaiti oil official told Zawya Dow Jones.

Saudi Arabia, the world's biggest oil exporter, has dropped the WTI benchmark, which is based on a formula tied to light, sweet crude futures traded on the New York Mercantile Exchange. State-owned **Saudi Arabian Oil** Co. will implement the policy for January oil sales to the U.S.

Argus Media, of London, launched the Argus Sour Crude Index, or ASCI, in May to reflect the U.S. Gulf Coast medium-sour crude, where production from the region has given a boost to alternatives to West Texas Intermediate, or WTI.

Saudi exports to the U.S. are closer to medium-sour crude produced in the Gulf of Mexico, which has a lower quality oil with higher levels of sulfur than light, sweet crude.

"Kuwait is usually in line with Saudi Arabia activity," another Kuwaiti official said. "The switch is in our favor because it relatively reduces volatility in the WTI, and it is more transparent and reflects what is happening in the market."

The WTI benchmark has suffered from fluctuations because of speculation on crude-futures trading on the Nymex, the world's main platform for oil trading.

Argus and rival Platts, a unit of **McGraw-Hill** Cos., have argued for years that expanding production in the Gulf of Mexico makes the region better-suited for setting oil prices than Cushing, Okla., the inland delivery point for barrels underpinning the Nymex futures contract.

"It is reasonable to think that other producers in the Middle East or Latin America would have a look at the Argus Sour Crude Index as a solution to some of the problems they have in pricing sour crude," said Jason Feer, senior vice president and general manager for the Asian-Pacific region at Argus Media. He declined to name countries.

Saudi Arabia's shift could encourage other sour crude-oil exporters to the U.S., such as Venezuela and Iraq, to follow suit and adopt the new assessment.

Venezuela's oil minister, Rafael Ramirez, already has applauded Saudi Arabia's decision to move away from WTI, and said his country may do something similar.

"WTI has been the benchmark but is suffering from issues related to the specifics of the inland characteristics, and we have seen very wide spreads in WTI," said Olivier Jacob, managing director of research group Petromatrix in Switzerland. "So it makes sense for the physical suppliers, such as Saudi Arabia, Kuwait, Iraq, etc., to try and find a more stable alternative benchmark," Mr. Jacob said.

WTI pricing often reflects storage and pipeline-capacity problems in Cushing, while oil from the Gulf of Mexico has several potential delivery points and more pipeline routes out of the region, making a storage crunch less likely.

Saudi Arabia exported more than 1.5 million barrels a day of crude oil to the U.S. in 2008, second only to Canada, according to figures from the U.S. Energy Information Administration. Kuwait, one of the smaller oil exporters to the U.S., sent 206,000 barrels of oil a day to the U.S. in 2008, EIA figures show.

NYSE listing for Apollo seen in early 2010

By Lynn Cowan

Private-equity firm **Apollo Global Management** LLC is reviving, as expected, a plan to list shares publicly on the New York Stock Exchange by early 2010.

The company's shares have been privately traded for more than two years among certain qualified investors on **Goldman Sachs Group** Inc.'s GSTrUE platform, which isn't open to the public.

IPO FOCUS

In April 2008, Apollo filed initial paperwork with the Securities and Exchange Commission to list its GSTrUE shares on the NYSE.

It updated that filing again in August 2008, just before the stock-issuance market ground to a halt amid the banking and mortgage crisis.

On Monday, Apollo, run by deal maker Leon Black, filed its first SEC update in 15 months and is expected to have its stock listed on the NYSE, most likely in the early part of next year.

Current trading on GSTrUE, short for "GS Tradable Unregistered Equity OTC Market," is limited to qualified buyers such as institutional investors.

Because only private-placement shares are being traded on that venue, Apollo isn't required to report extensive financial details to the public. That will change once enough of its shares are traded on the Big Board.

Apollo's updated filing doesn't indicate a price range or a ticker symbol but does register as many as 35.6 million shares.

All the shares sold will come from current private shareholders, none of whom has been named, so the proceeds won't flow to the New York private-equity firm's coffers.

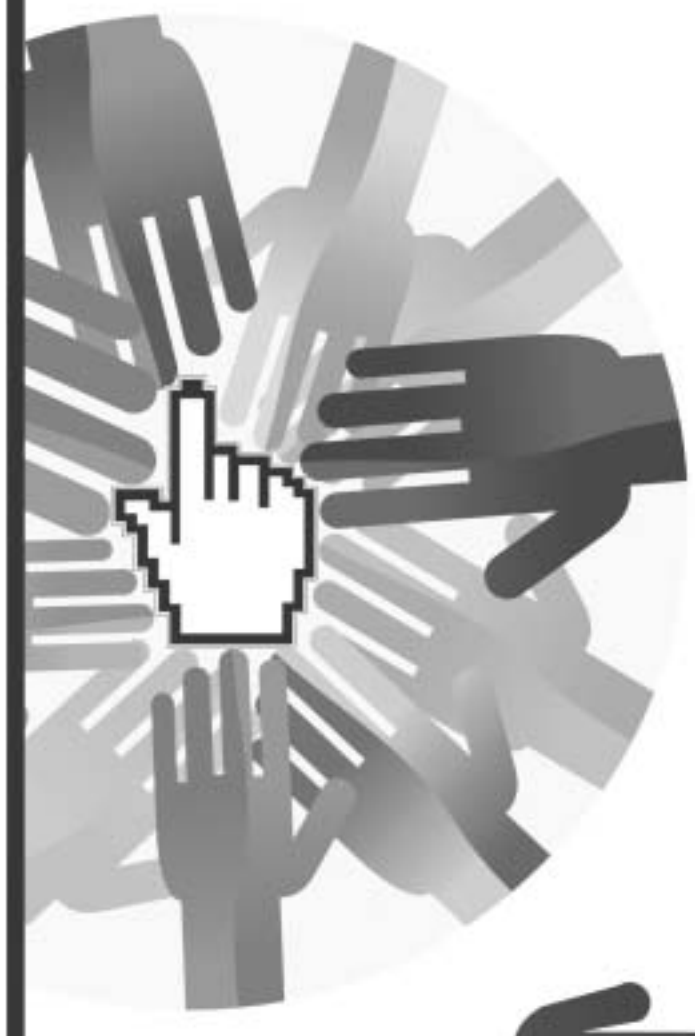
The filing makes it clear that Apollo isn't conducting an initial public offering.

The shares won't necessarily all be sold at once or even at the same price.

Private holders will be able to sell whenever they want, through public or private transactions, at prevailing market prices or whatever price they can to negotiate.

THE EXECUTIVE'S GUIDE TO

Social Media for Crisis Management



The third in a series of free online seminars

DIGITAL NETWORKING FOR BUSINESS LEADERS

Across Asia, social media tools have refined how business works, with customers and stakeholders demanding that their brands be more transparent and engaging than ever before.

Shouldn't you learn how to leverage social media?

Join Ogilvy Public Relations Worldwide for a free 30-minute online seminar powered by Citrix GoToWebinar, designed to help executives make use of social media as a tool for crisis management.

The seminar will be led by John Bell, global managing director of Ogilvy's 360 Digital Influence team and Jamie Moeller, global managing director of Ogilvy PR's Public Affairs practice.

Hurry! Space is limited for this 30-minute webinar* and registration is required. Secure your place today!

Wednesday, 2 December at 11:00am Hong Kong (GMT +8)

Register online today: wsj-asia.com/webinar

Webinar content developed and presented exclusively by Ogilvy Public Relations Worldwide
* To be followed by a 30-minute open question session

Presented by: Ogilvy Public Relations Worldwide

Exclusive media partner: THE WALL STREET JOURNAL. ASIA PRINT · ONLINE · MOBILE

Powered by: GoToWebinar

Treasurys prices rise as investors seek safety

By Deborah Lynn Blumberg

NEW YORK—Treasury prices rose modestly as demand continued for the safest possible securities heading into the end of the year.

U.S. CREDIT MARKETS

Investors were eager to buy Treasurys on the heels of Monday's successful two-year note auction and amid month-end buying needs. Strategists also pegged higher Treasury prices to concerns about bank capital-raising efforts.

China's major banks said Tuesday that they are studying options to replenish their capital after the China Banking Regulatory Commission urged them to ensure their capital ratios meet the official requirement by the end of the year. A Wall Street Journal article Tuesday also noted that global banks face a "debt avalanche" and are exposed to higher debt costs as short-term debt comes due.

In midday trade, the two-year Treasury was up 2/32 point to 100 to yield 0.75%, and the 10-year note was up 7/32 to 100 9/32 to yield 3.3415%. The 30-year bond was up 7/32 to 101 19/32 to yield 4.2801%.

Data were also bond-market friendly, with a lower revision to U.S. GDP showing that the economy's recovery wasn't as strong as earlier believed.

Japanese bond yields ease

By Tomoyuki Tachikawa

TOKYO—Japanese government bond yields fell as investors focused on the potential for more easing measures by the Bank of Japan and increasing government concern of a deflationary spiral.

BOND MARKETS

The benchmark 10-year yield eased 0.01 percentage point to 1.295%, aided also by another decline in domestic stock prices that lifted demand for safe-haven assets.

"Investors have started to consider the possibility of the BOJ purchasing more JGBs to help curb long-term interest rates," one Tokyo securities house trader said. "Such speculation could buttress demand for JGBs, forcing yields down."

Finance Minister Hirohisa Fujii said Tuesday that deflation is primarily a concern for monetary policy, indicating his hope that the central bank will take a more active role in tackling the problem.

Japan will sell 2.6 trillion yen ($29.22 billion) of two-year debt on Wednesday. The two-year yield rose 0.005 percentage point to 0.245%.

Lloyds prices rights issue at 60% discount

By Patricia Kowsmann

LONDON—**Lloyds Banking Group** PLC priced the largest-ever rights issue at 37 pence (61 U.S. cents) a share, a 60% discount from Monday's closing price.

The U.K. bank said it will offer 1.34 rights shares for every existing share in an effort to raise £13.5 billion ($22.4 billion). The rights offer is part of a plan announced last month to raise £22.5 billion in fresh capital, as the bank tries to avoid an expensive insurance plan that would have seen the government increase its stake in Lloyds to more than 60% from 43% currently. The bank already has raised £8.5 billion from a debt-conversion offer.

Shares of Lloyds were up 2.3% at 93.62 pence Tuesday afternoon in London.

The rights-issue price was at a 38.6% discount to the theoretical ex-rights price, or the calculated price for shares after issue of new stock—near the bottom of the 38% to 42% range previously given.

The offer, which will represent 57% of Lloyds's share capital once completed, is subject to shareholder approval on Thursday. The record date allowing holders to participate in the issue is at market close Thursday. Until then, those buying shares will also be buying the rights for the new stock.

The U.K. government said it will take up its part in the issue, which is fully underwritten.

While Lloyds escapes an increased government stake, shareholders are set to see their stock, which has lost more than three-fourths of its value since the financial crisis started in 2007, become further diluted with the rights issue.

Nonetheless, analysts said Lloyds's cash call will clear uncertainties over its capital position and its future.

The deeply discounted offer, which was expected by the market, underscores how much Lloyds wants to avoid the insurance plan launched by the U.K. government this year to help banks get out of the financial crisis.

Lloyds has said that with the capital raising, its Core Tier 1 capital ratio will rise to 8.6% from 6.3%.

FUND SCORECARD

HF Debt Arbitrage

Seek out pricing discrepancy of private and public fixed income instruments. Funds tend to have low beta exposures to bond market indices. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending November 24, 2009

Leading 10 Performers

FUND RATING*	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US** YTD	1-YR	2-YR	5-YR
3	**Finisterre Sovereign Debt Master Fund**	Finisterre USA	USD	Cayman Isl	**44.13**	51.97	13.11	9.54
3	**Concordia G10 Fixed Income Arbitrage**	Concordia Advisors (Bermuda) Ltd.	USD	Bermuda	**14.38**	39.88	18.07	13.06
3	**Sanctum Fixed Income**	Sanctum FI LLP	USD	Cayman Isl	**15.35**	38.85	8.87	8.27
3	**Conservative Wolf Fund**	Banca Zarattini </td> CO SA	EUR	British VI	**20.07**	30.85	7.31	7.49
4	**GC Managed Bond Portfolio**	Goldstein Capital Corporation	USD	United States	**41.89**	30.76	11.25	9.18
4	**Goldstein Cap Mngd Bond Port Master Fund**	Goldstein Capital Corporation	USD	British VI	**41.89**	30.76	11.25	9.18
5	**Aviva G7 Fixed Income Fund EUR**	Aviva Inv Alternative Funds PCC Ltd	EUR	Guernsey	**14.13**	29.95	13.32	13.32
NS	**ADI Bond Absolu**	ADI - Alternative Investments	EUR	France	**19.28**	28.40	-2.11	NS
3	**BlackRock Obsidian Offshore**	BlackRock, Inc.	USD	Cayman Isl	**42.36**	27.19	10.48	8.97
3	**BlackRock Obsidian Onshore**	BlackRock, Inc.	USD	Cayman Isl	**42.29**	27.10	10.42	8.91

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
1 Oliver's Yard, 55-71 City Road
London EC1Y 1HQ United Kingdom
www.morningstar.co.uk; **Email**: mediaservice@morningstar.com
Phone: +44 (0)203 107 0038; **Fax**: +44 (0)203 107 0001

Advertisement

INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	11/23	EUR	53.85	19.5	32.4	-27.5
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	11/23	USD	10.32	25.7	43.1	-14.5
Am Eq Blend B	US	EQ	LUX	11/23	USD	9.70	24.5	41.6	-15.4
Am Growth A	US	EQ	LUX	11/23	USD	30.62	33.7	59.2	-6.0
Am Growth AX	US	EQ	LUX	11/23	USD	33.03	34.4	60.1	-5.4
Am Growth B	US	EQ	LUX	11/23	USD	25.77	32.5	57.5	-6.9
Am Growth C	US	EQ	LUX	11/23	USD	27.71	33.2	58.4	-6.3
Am Growth I	US	EQ	LUX	11/23	USD	33.90	34.6	60.4	-5.2
Am Income A	US	BD	LUX	11/23	USD	8.44	24.0	36.0	5.5
Am Income A2	US	BD	LUX	11/23	USD	18.94	24.4	36.0	5.5
Am Income A2	OT	OT	NA	11/23	HKD	146.79	NS	NS	NS
Am Income AT	OT	OT	NA	11/23	HKD	65.49	NS	NS	NS
Am Income AT	US	BD	LUX	11/23	USD	8.45	24.5	36.0	5.5
Am Income B	US	BD	LUX	11/23	USD	8.44	23.1	34.9	4.7
Am Income B2	US	BD	LUX	11/23	USD	16.34	23.7	35.0	4.8
Am Income B2	OT	OT	NA	11/23	HKD	126.64	NS	NS	NS
Am Income BT	OT	OT	NA	11/23	HKD	65.80	NS	NS	NS
Am Income BT	US	BD	LUX	11/23	USD	8.49	23.7	34.9	4.7
Am Income C	US	BD	LUX	11/23	USD	8.44	23.4	35.3	5.0
Am Income C2	US	BD	LUX	11/23	USD	24.29	24.0	35.4	5.0
Am Income I	US	BD	LUX	11/23	USD	8.44	24.6	36.9	6.1
Am Value A	US	EQ	LUX	11/23	USD	8.48	17.6	44.0	-13.5
Am Value B	US	EQ	LUX	11/23	USD	7.81	16.4	42.5	-14.4
Am Value C	US	EQ	LUX	11/23	USD	8.48	17.0	43.5	-13.9
Am Value I	US	EQ	LUX	11/23	USD	9.12	18.4	45.2	-12.8
Asian Technology A	OT	OT	LUX	11/23	USD	14.63	67.2	89.0	-5.0
Asian Technology B	OT	EQ	LUX	11/23	USD	12.81	65.7	87.3	-5.9
Asian Technology I	OT	EQ	LUX	11/23	USD	16.30	68.4	90.6	-4.2
Emg Mkts Debt A	GL	BD	LUX	11/23	USD	15.65	43.5	64.9	8.6
Emg Mkts Debt A2	GL	BD	LUX	11/23	USD	20.09	44.3	64.8	8.6
Emg Mkts Debt AT	GL	BD	LUX	11/23	USD	15.75	44.3	64.8	8.6
Emg Mkts Debt B	GL	BD	LUX	11/23	USD	15.65	42.4	63.4	7.5
Emg Mkts Debt B2	GL	BD	LUX	11/23	USD	19.37	43.1	63.2	7.5
Emg Mkts Debt BT	GL	BD	LUX	11/23	USD	15.73	43.0	63.1	7.5
Emg Mkts Debt C	GL	BD	LUX	11/23	USD	15.65	43.0	64.2	8.1
Emg Mkts Debt C2	GL	BD	LUX	11/23	USD	19.75	43.7	64.0	8.1
Emg Mkts Debt I	GL	BD	LUX	11/23	USD	15.65	44.1	65.7	9.2
Emg Mkts Growth A	GL	EQ	LUX	11/23	USD	33.86	69.0	94.6	-13.1
Emg Mkts Growth B	GL	EQ	LUX	11/23	USD	28.73	67.5	92.7	-13.9
Emg Mkts Growth C	GL	EQ	LUX	11/23	USD	29.36	68.3	93.7	-13.5
Emg Mkts Growth I	GL	EQ	LUX	11/23	USD	37.50	70.1	96.1	-12.4
Eur Growth A	OT	OT	LUX	11/23	USD	10.33	23.9	29.2	-17.9
Eur Growth A	OT	OT	LUX	11/23	EUR	6.90	23.9	29.2	-17.9
Eur Growth B	OT	OT	LUX	11/23	EUR	6.21	22.7	28.0	-18.8
Eur Growth B	OT	OT	LUX	11/23	USD	9.29	22.7	28.0	-18.8
Eur Growth C	EU	EQ	LUX	11/23	EUR	5.23	23.3	28.5	-18.3
Eur Growth I	OT	OT	LUX	11/23	USD	11.26	24.7	30.3	-17.3
Eur Growth I	OT	OT	LUX	11/23	EUR	7.52	24.7	30.3	-17.3
Eur Income A	OT	OT	LUX	11/23	EUR	6.62	38.5	34.1	3.6
Eur Income A	OT	OT	LUX	11/23	USD	9.91	38.5	34.1	3.6
Eur Income A2	OT	OT	LUX	11/23	EUR	12.81	39.1	34.1	3.6
Eur Income A2	OT	OT	LUX	11/23	USD	19.17	39.1	34.1	3.6
Eur Income AT	EU	BD	LUX	11/23	EUR	6.63	39.1	34.1	3.6
Eur Income B	OT	OT	LUX	11/23	EUR	6.62	37.8	33.3	2.9
Eur Income B	OT	OT	LUX	11/23	USD	9.91	37.8	33.3	2.9
Eur Income B2	OT	OT	LUX	11/23	EUR	11.93	38.2	33.3	2.9
Eur Income B2	OT	OT	LUX	11/23	USD	17.86	38.2	33.3	2.9
Eur Income BT	EU	BD	LUX	11/23	EUR	6.63	38.3	33.2	2.9
Eur Income C	OT	OT	LUX	11/23	EUR	6.62	38.1	33.6	3.1
Eur Income C	OT	OT	LUX	11/23	USD	9.91	38.1	33.6	3.1
Eur Income C2	OT	OT	LUX	11/23	EUR	12.78	38.6	33.5	3.1
Eur Income C2	OT	OT	LUX	11/23	USD	19.13	38.6	33.5	3.1
Eur Income I	OT	OT	LUX	11/23	EUR	6.62	39.1	34.8	4.2
Eur Income I	OT	OT	LUX	11/23	USD	9.91	39.1	34.8	4.2
Eur Strat Value A	OT	OT	LUX	11/23	EUR	8.35	20.0	30.1	-21.7
Eur Strat Value A	OT	OT	LUX	11/23	USD	12.50	20.0	30.1	-21.7
Eur Strat Value I	OT	OT	LUX	11/23	EUR	8.54	20.8	31.2	-21.0
Eur Strat Value I	OT	OT	LUX	11/23	USD	12.78	20.8	31.2	-21.0
Eur Value A	OT	OT	LUX	11/23	USD	13.47	23.6	35.3	-18.8
Eur Value A	OT	OT	LUX	11/23	EUR	9.00	23.6	35.3	-18.8
Eur Value B	OT	OT	LUX	11/23	EUR	8.28	22.3	34.0	-19.6
Eur Value B	OT	OT	LUX	11/23	USD	12.39	22.3	34.0	-19.6
Eur Value C	OT	OT	LUX	11/23	USD	13.02	22.9	34.7	-19.2
Eur Value C	OT	OT	LUX	11/23	EUR	8.70	22.9	34.7	-19.2
Eur Value I	OT	OT	LUX	11/23	USD	15.54	24.3	36.4	-18.1
Eur Value I	OT	OT	LUX	11/23	EUR	10.38	24.3	36.4	-18.1
GI Balanced (Euro) A	OT	OT	LUX	11/23	USD	16.91	19.2	28.4	-11.2
GI Balanced (Euro) B	OT	OT	LUX	11/23	USD	16.49	18.1	27.1	-12.1
GI Balanced (Euro) C	OT	OT	LUX	11/23	USD	16.78	18.9	28.0	-11.5
GI Balanced (Euro) I	OT	OT	LUX	11/23	USD	17.21	NS	NS	NS
GI Balanced A	US	BA	LUX	11/23	USD	16.51	24.2	38.2	-10.2
GI Balanced B	US	BA	LUX	11/23	USD	15.71	23.1	36.8	-11.1
GI Balanced C	OT	OT	LUX	11/23	USD	16.27	23.9	37.8	-10.5
GI Balanced C	OT	OT	LUX	11/23	EUR	10.87	23.9	37.8	-10.5
GI Balanced I	US	BA	LUX	11/23	USD	17.11	25.0	39.2	-9.6
GI Bond A	US	BD	LUX	11/23	USD	9.32	12.9	18.8	4.6
GI Bond A2	US	BD	LUX	11/23	USD	16.07	13.1	18.7	4.6
GI Bond A2	OT	OT	NA	11/23	HKD	124.54	13.1	18.7	4.6
GI Bond AT	OT	OT	LUX	11/23	HKD	72.23	13.1	18.6	4.6
GI Bond AT	US	BD	LUX	11/23	USD	9.32	13.1	18.6	4.6
GI Bond B	US	BD	LUX	11/23	USD	9.32	11.9	17.6	3.5
GI Bond B2	US	BD	LUX	11/23	USD	14.09	12.1	17.5	3.5
GI Bond B2	OT	OT	NA	11/23	HKD	109.20	12.1	17.5	3.5
GI Bond BT	OT	OT	LUX	11/23	HKD	72.46	12.0	17.4	3.5
GI Bond BT	US	BD	LUX	11/23	USD	9.35	12.0	17.4	3.5
GI Bond C	US	BD	LUX	11/23	USD	9.32	12.4	18.2	4.1
GI Bond C2	US	BD	LUX	11/23	USD	13.95	12.6	18.1	4.1
GI Bond I	US	BD	LUX	11/23	USD	9.32	13.4	19.4	5.2
GI Conservative A	US	BA	LUX	11/23	USD	14.99	16.3	24.3	-3.8
GI Conservative A2	US	BA	LUX	11/23	USD	16.96	16.3	24.3	-3.8
GI Conservative B	US	BA	LUX	11/23	USD	14.96	15.3	23.2	-4.7
GI Conservative B2	US	BA	LUX	11/23	USD	16.13	15.3	23.1	-4.7
GI Conservative C	US	BA	LUX	11/23	USD	14.97	15.9	23.8	-4.2
GI Conservative C2	US	BA	LUX	11/23	USD	16.60	15.9	23.9	-4.2
GI Conservative I	US	BA	LUX	11/23	USD	15.06	17.2	25.4	-3.0
GI Eq Blend A	GL	EQ	LUX	11/23	USD	11.66	30.4	51.6	-20.5
GI Eq Blend B	GL	EQ	LUX	11/23	USD	10.96	29.4	50.3	-21.2
GI Eq Blend C	GL	EQ	LUX	11/23	USD	11.46	29.9	51.0	-20.8
GI Eq Blend I	GL	EQ	LUX	11/23	USD	12.29	31.4	52.9	-19.8
GI Growth A	GL	EQ	LUX	11/23	USD	41.78	29.6	47.4	-21.2
GI Growth B	GL	EQ	LUX	11/23	USD	34.92	28.4	45.9	-22.0
GI Growth C	GL	EQ	LUX	11/23	USD	40.12	29.0	46.7	-21.6
GI Growth I	GL	EQ	LUX	11/23	USD	46.36	30.5	48.6	-20.6
GI High Yield A	US	BD	LUX	11/23	USD	4.26	55.9	68.1	3.7
GI High Yield A2	US	BD	LUX	11/23	USD	9.04	56.9	67.7	3.7
GI High Yield A2	OT	OT	NA	11/23	HKD	70.06	56.9	67.7	3.7
GI High Yield AT	OT	OT	NA	11/23	HKD	32.86	57.2	67.9	3.7
GI High Yield AT	US	BD	LUX	11/23	USD	4.24	57.2	67.9	3.7
GI High Yield B	US	BD	LUX	11/23	USD	4.26	54.2	65.8	2.4
GI High Yield B2	US	BD	LUX	11/23	USD	14.55	55.6	66.3	2.7
GI High Yield B2	OT	OT	NA	11/23	HKD	112.76	55.6	66.3	2.7
GI High Yield BT	OT	OT	NA	11/23	HKD	33.40	55.4	66.5	2.7
GI High Yield BT	US	BD	LUX	11/23	USD	4.31	55.4	66.5	2.7
GI High Yield C	US	BD	LUX	11/23	USD	4.26	55.1	67.1	3.2
GI High Yield C2	US	BD	LUX	11/23	USD	13.41	56.5	67.2	3.2
GI High Yield I	US	BD	LUX	11/23	USD	4.26	56.8	69.3	4.4
GI Value A	GL	EQ	LUX	11/23	USD	11.17	31.6	56.2	-19.7
GI Value B	GL	EQ	LUX	11/23	USD	10.27	30.3	54.7	-20.6
GI Value C	GL	EQ	LUX	11/23	USD	10.86	31.0	55.6	-20.1
GI Value I	GL	EQ	LUX	11/23	USD	11.87	32.5	57.6	-19.1
Greater China A	AS	EQ	LUX	11/23	USD	40.16	56.6	79.3	-15.5
Greater China B	AS	EQ	LUX	11/23	USD	35.58	55.2	77.5	-16.4
Greater China C	AS	EQ	LUX	11/23	USD	39.68	56.0	78.5	-15.9
India Growth A	OT	OT	LUX	11/23	USD	124.51	NS	NS	NS
India Growth AX	OT	OT	LUX	11/23	USD	108.80	88.3	107.3	-7.2
India Growth B	OT	OT	LUX	11/23	USD	130.57	NS	NS	NS
India Growth BX	OT	OT	LUX	11/23	USD	93.10	86.7	105.3	-8.1
India Growth I	EA	EQ	LUX	11/23	USD	112.69	89.0	108.1	-6.9
Int'l Health Care A	OT	EQ	LUX	11/23	USD	133.68	13.8	28.8	-9.7
Int'l Health Care B	OT	EQ	LUX	11/23	USD	112.87	12.8	27.5	-10.6
Int'l Health Care C	OT	EQ	LUX	11/23	USD	128.17	13.4	28.2	-10.1
Int'l Health Care I	OT	EQ	LUX	11/23	USD	145.93	14.7	29.8	-9.0
Int'l Technology A	OT	EQ	LUX	11/23	USD	105.19	43.8	62.0	-12.6
Int'l Technology B	OT	EQ	LUX	11/23	USD	91.24	42.5	60.4	-13.4
Int'l Technology C	OT	EQ	LUX	11/23	USD	101.70	43.2	61.2	-13.0
Int'l Technology I	OT	EQ	LUX	11/23	USD	117.85	44.8	63.3	-11.9
Japan Eq Blend A	JP	EQ	LUX	11/23	JPY	5466.00	1.9	11.3	-25.7
Japan Eq Blend B	JP	EQ	LUX	11/23	JPY	5280.00	1.0	10.2	-26.5
Japan Eq Blend C	JP	EQ	LUX	11/23	JPY	5381.00	1.5	10.8	-26.1
Japan Growth A	JP	EQ	LUX	11/23	JPY	5394.00	-3.0	3.9	-26.1
Japan Growth B	JP	EQ	LUX	11/23	JPY	5210.00	-3.9	2.8	-26.8
Japan Growth C	JP	EQ	LUX	11/23	JPY	5310.00	-3.4	3.4	-26.4
Japan Strat Value A	JP	EQ	LUX	11/23	JPY	5522.00	7.1	19.0	-25.6
Japan Strat Value B	JP	EQ	LUX	11/23	JPY	5339.00	6.1	17.8	-26.4
Japan Strat Value C	JP	EQ	LUX	11/23	JPY	5432.00	6.6	18.4	-26.0
Real Estate Sec. A	OT	EQ	LUX	11/23	USD	13.98	31.0	68.8	-17.4
Real Estate Sec. B	OT	EQ	LUX	11/23	USD	12.80	29.9	67.3	-18.2
Real Estate Sec. I	OT	EQ	LUX	11/23	USD	15.02	32.0	70.3	-16.7
Short Mat Dollar A	US	BD	LUX	11/23	USD	7.22	10.3	11.5	-6.7
Short Mat Dollar A2	US	BD	LUX	11/23	USD	9.69	10.6	11.4	-6.8
Short Mat Dollar AT	US	BD	LUX	11/23	USD	7.22	10.6	11.3	-6.8
Short Mat Dollar B	US	BD	LUX	11/23	USD	7.22	9.9	11.0	-7.2
Short Mat Dollar B2	US	BD	LUX	11/23	USD	9.64	10.0	10.8	-7.3
Short Mat Dollar BT	OT	OT	LUX	11/23	USD	7.23	9.4	10.1	-7.5
Short Mat Dollar C	US	BD	LUX	11/23	USD	7.22	9.9	11.0	-7.2
Short Mat Dollar C2	US	BD	LUX	11/23	USD	13.64	10.2	10.8	-7.2
Short Mat Dollar I	US	BD	LUX	11/23	USD	7.22	10.8	12.1	-6.2

Advertisement [ALTERNATIVE INVESTMENT FUNDS www.WSJ.com] Advertisement

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund L Ltd. (Class A)	OT	OT	VGB	10/30	USD	1642.69	69.6	71.6	NS
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	11/19	USD	118.73	18.7	18.3	9.7
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	09/30	USD	94.24	12.2	-6.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	09/30	USD	108.96	6.0	3.6	-31.0
Platinm-Emancipation	OT	OT	USA	09/30	USD	96.83	29.4	0.4	-7.7
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	09/30	USD	59.71	27.4	-18.1	-32.3
Platinm-Nordic	OT	OT	CYM	09/30	SEK	591.49	8.4	-6.2	-19.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	09/30	USD	55.93	NS	8.3	-39.0

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	11/17	USD	48.56	-41.7	-36.9	5.5
Superfund GCT USD*	GL	EQ	LUX	11/17	USD	2508.00	-31.3	-29.0	4.8
Superfund Green Gold A (SPC)	OT	OT	CYM	11/17	USD	1108.42	-4.7	15.9	18.1
Superfund Green Gold B (SPC)	OT	OT	CYM	11/17	USD	1123.95	-16.6	2.5	16.7
Superfund Q-AG*	OT	OT	AUT	11/17	EUR	7118.00	-18.8	-16.4	7.2
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	10/30	EUR	939.64	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	10/30	GBP	943.02	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	10/30	USD	1189.62	-6.2	-1.5	3.1
Winton Futures EUR Cls C	OT	OT	VGB	10/30	EUR	192.39	-6.5	0.0	7.8
Winton Futures GBP Cls D	OT	OT	VGB	10/30	GBP	207.72	-6.4	0.6	8.9
Winton Futures JPY Cls E	OT	OT	VGB	10/30	JPY	13589.60	-7.9	-1.6	4.9
Winton Futures USD Cls B	OT	OT	VGB	10/30	USD	682.02	-7.0	-0.3	7.5

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	11/23	EUR	50.36	29.6	50.8	-11.2
Industria AE	EU	EQ	DEU	11/23	EUR	69.58	33.0	41.5	-16.9
InternRent AE	EU	BD	DEU	11/23	EUR	34.91	2.8	-1.3	8.5

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

MARKETS

Concern over China hits stocks in U.S.

Europe falls amid bank-capital worries

By Donna Kardos Yesalavich

U.S. stocks fell modestly Tuesday as a better-than-expected improvement in consumer confidence offset a warning from China's banking regulator that prompted concerns about how the U.S. could be affected if China's growth slows.

At midday in New York, the Dow Jones Industrial Average was down 38.93 points, or 0.4%, to 10412.02. It had earlier fallen by more than 70 points. **Hewlett-Packard** fell 2.2% despite reporting a 14% jump in quarterly profit, as investors were disappointed by the company's 8.4% drop in revenue. **Alcoa** was also weak, off 2% as metals futures fell.

ABREAST OF THE MARKET

The technology-heavy Nasdaq Composite index fell 0.5%. The Standard & Poor's 500-stock index declined 0.3%, with its financials, materials and technology sectors leading the decline. The telecommunications and health-care sectors climbed.

China's banking regulator warned lenders to strictly comply with capital requirements or face sanctions.

"If they have capital constraints, their lending might slow, which is part of the growth engine over there, and part of our recovery is really dependent on the global story with growth out of Asia," said Maury Fertig, chief investment officer at Relative Value Partners. "China is where a lot of demand is coming from, so any kind of slowing there will ultimately have some kind of impact."

Medtronic jumped 5.7% after reporting that its fiscal second-quarter earnings soared 59%, beating analyst estimates, amid prior-year charges and as the company saw sales increase, especially in its heart-related businesses.

Barnes & Noble fell 5.8% as its fiscal second-quarter loss widened.

European stocks

Concern over banks' capital levels led to losses on Europe's biggest stock markets.

The pan-European Stoxx 600 index fell 0.6% to 246.88, while the French CAC-40 index slipped 0.7% to 3784.62. In Germany, the DAX index lost 0.6% to close at 5769.31. The FTSE 100 index slipped 0.6% to end the day at 5323.96.

A Standard & Poor's report indentified UBS and Allied Irish Banks as among the lenders with the lowest risk-adjusted capital levels. UBS fell 1.9%, while Allied Irish declined 3.7%.

——Sarah Turner contributed to this article

Dollar posts a modest rise on GDP data

By Bradley Davis

LONDON—The dollar and euro jockeyed for position Tuesday, with the greenback gaining a slight advantage by midday in New York as U.S. stocks and most commodities remained down on the day.

Currency market fluctuations mimicked seesawing price action in other asset classes, but the euro and dollar have held within their recent well-worn range.

CURRENCY MARKETS

However, the dollar weakened against the yen. The dollar and yen often benefit as havens when economic data are discouraging and risk tolerance abates, while signs the world economy is recovering tend to support the euro and other higher-yielding currencies.

At midday in New York, the euro had weakened to $1.4951 from $1.4968 late Monday. The dollar was at 88.52 yen from 88.97 yen; the euro moved to as 132.36 yen from 133.17 yen. The U.K. pound was at $1.6570 from $1.6619. The dollar was at 1.0101 Swiss francs from 1.0097 francs

Traders were awaiting the afternoon release of the minutes of the most recent meeting of U.S. monetary policy makers, which they will scour for any hint as to when the U.S. might raise key interest rates.

The ultralow interest rates put pressure on the dollar.

Shanghai slides 3.4%, as warning hits banks

By V. Phani Kumar And Shri Navaratnam

Most Asian stock markets fell Tuesday, with China's benchmark index tumbling 3.4% after the country's banking regulator warned banks to strictly comply with capital requirements or face sanctions.

The statement was the latest signal that Beijing is worried about risks building in the country's financial system after a year of blowout lending.

ASIAN-PACIFIC STOCKS

The Shanghai Composite slid 115.14 points to 3223.53, after rising in 13 of November's 16 sessions prior to Tuesday. The fall in Shanghai triggered losses in Hong Kong, where the benchmark Hang Seng Index shed 1.5% to 22423.14.

Beijing's tough statement indicates it is ready to more actively tighten the credit growth that has been the linchpin of China's economic recovery. Higher capital requirements act as a constraint on lending, and some banks would need to raise additional money before they could make more loans.

"I think any more stringent capital requirements for large banks would be a pre-emptive move, as I don't expect their capital to be strained even in the face of a 15% to 20% loan growth expected next year," said CIMB-GK banking analyst Alexander Lee. "I think the midsize banks would face more capital constraints given their loan growth was faster this year."

Shares of **Bank of China** fell 4% in Hong Kong and 2.3% in Shanghai, while **China Construction Bank** shed 3.4% in Hong Kong and 2.9% in Shanghai.

In Tokyo, the Nikkei Stock Average of 225 companies fell 1% to 9401.58. Mizuho Securities market analyst Yukio Takahashi said the Tokyo market "seems to be left behind. Worries over deflation and uncertainty in economic policies will continue to put off investors."

Japanese Finance Minister Hirohisa Fujii said deflation was primarily a concern for monetary policy, rather than fiscal policy. Also, data to be released later in the week are expected to show Japan's core consumer-price index fell 2.2% in October from a year earlier, after a 2.3% decline in September.

Financial shares were hit hard, with **Takefuji** ending 6.8% lower after Moody's on Friday downgraded its ratings, while fellow consumer-finance company **Aiful** fell 4.8%. Persistent worries about capital-raising hurt banks, with **Mizuho Financial Group** sliding 2.5% and **Sumitomo Mitsui Financial Group** shedding 4.4%.

Japan Airlines tumbled 8.4% on strong volume, touching a record low during the session, after trading house Mitsui sold its entire stake in the company amid uncertainty over the airline's restructuring plans.

[Search by company, category or country at asia.WSJ.com/funds] INTERNATIONAL INVESTMENT FUNDS Advertisement

GAM

GAM FUND MANAGEMENT LIMITED
George's Court, 54-62 Townsend Street, Dublin 2, Ireland
Tel +3531 609 3927 Fax +3531 611 7941, Internet: www.gam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	11/13	USD	1248.56	23.2	4.8	-9.0
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	11/16	JPY	14941.40	59.4	61.0	NS
GAM Asia Equity Hedge US	OT	OT	VGB	11/16	USD	282.18	61.7	64.5	-0.5
GAM Asia Equity USD	OT	OT	VGB	11/20	USD	636.81	58.6	94.4	-14.9
GAM Asia-Pacific Eq USD	OT	OT	VGB	11/17	USD	1254.50	16.8	16.8	-16.1
GAM Com Glb Bal EUR Op	US	BA	VGB	11/16	EUR	92.88	15.7	16.1	-9.3
GAM Com Glb Bal USD Op	US	BA	VGB	11/16	USD	128.35	15.7	16.1	-9.3
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	11/16	EUR	94.61	22.6	22.8	-16.2
GAM Comp Glb Eq USD Op	GL	EQ	VGB	11/16	USD	128.03	22.6	22.8	-16.2
GAM Comp Glb Gr EUR Op	US	BA	VGB	11/16	EUR	83.34	16.0	16.6	-13.5
GAM Comp Glb Gr USD Op	US	BA	VGB	11/16	USD	127.44	16.0	16.6	-13.5
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	11/20	USD	239.69	31.6	43.9	-13.4
GAM Cross Trading Inc	OT	OT	VGB	11/16	USD	467.19	6.8	NS	NS
GAM Diversity CHF Op	OT	OT	VGB	11/16	CHF	94.49	4.4	0.9	-7.5
GAM Diversity EUR Op	OT	OT	VGB	11/16	EUR	649.59	5.3	2.0	-5.8
GAM Diversity USD 2.5XL	OT	OT	VGB	10/30	USD	76.73	6.4	-4.0	-22.6
GAM Diversity USD Op	OT	OT	VGB	11/16	USD	682.16	5.3	NS	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	11/16	CHF	99.79	4.3	NS	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	11/16	EUR	139.10	4.8	1.5	-5.8
GAM Dvrsty II USD Op	OT	OT	VGB	11/16	USD	210.75	4.9	NS	-6.1
GAM DvrstyIII EUR Op	OT	OT	VGB	10/30	EUR	114.70	3.8	-0.4	-6.5
GAM DvrstyIII USD Op	OT	OT	VGB	10/30	USD	121.09	3.8	-0.1	-6.6
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	11/16	EUR	211.25	7.1	4.0	-6.3
GAM Euro Eq Hdg USD Op	OT	OT	VGB	11/16	USD	196.60	7.9	5.5	-4.7
GAM European Equity USD	OT	OT	VGB	11/20	USD	297.97	26.7	49.8	-14.0
GAM GAMCO	OT	EQ	VGB	11/17	USD	808.83	39.4	48.2	-12.2
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	10/30	EUR	97.64	13.2	12.7	-17.5
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	11/16	USD	105.57	16.6	12.4	-14.8
GAM Gbl Divers USD Inc.	GL	EQ	VGB	11/16	USD	253.75	24.3	25.4	-8.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	10/30	USD	261.34	83.0	110.2	5.2
GAM Intrst Trend II	GL	BD	VGB	11/16	USD	96.36	45.8	42.9	-12.1
GAM Intrst Trend Inc	OT	OT	VGB	11/16	USD	254.22	59.6	55.9	-8.1
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	11/16	EUR	112.44	5.3	-3.8	-8.0
GAM Japan Eq Hdg USD Op	OT	OT	VGB	11/16	USD	117.57	4.5	-3.1	NS
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	10/30	JPY	8507.22	10.3	23.5	-21.8
GAM Japan USD	JP	EQ	VGB	11/20	USD	1027.91	-0.7	17.5	-18.9
GAM Japan YEN	JP	EQ	VGB	11/20	JPY	8063.51	0.7	15.2	-25.4
GAM Money Mkt EuroOp	EU	MM	VGB	11/20	EUR	51.19	0.1	0.3	1.8
GAM Money Mkt USD	US	MM	VGB	11/20	USD	100.03	0.0	0.0	1.1
GAM Multi-Arb EUR Op	OT	OT	VGB	11/16	EUR	113.39	1.2	-4.0	-9.1
GAM Multi-Arb USD Op	OT	OT	VGB	10/30	USD	118.02	1.1	-5.6	-9.4
GAM Multi-China EUR Op	OT	OT	VGB	10/30	EUR	159.17	7.2	7.9	-15.9
GAM Multi-China USD Op	OT	OT	VGB	10/30	USD	167.40	7.8	8.4	4.1
GAM Multi-Emer Mkts GBP	OT	OT	VGB	10/30	GBP	127.90	22.3	20.4	-4.2
GAM Multi-Emer Mkts USD	OT	OT	VGB	11/16	USD	645.17	24.5	20.2	-3.5
GAM Multi-Eur EUR Op	OT	OT	VGB	10/30	EUR	265.40	5.7	5.1	-12.5
GAM Multi-Eur II EUR Op	OT	OT	VGB	11/16	EUR	138.42	7.1	6.2	-11.4
GAM Multi-Eur II USD Op	OT	OT	VGB	11/16	USD	113.25	6.8	5.5	-12.5
GAM Multi-Eur USD Op	OT	OT	VGB	10/30	USD	462.12	5.5	4.6	-13.5
GAM Multi-Nth Am EUR Special	OT	OT	VGB	11/16	EUR	132.94	11.5	NS	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	11/16	USD	216.60	11.9	11.3	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	10/30	EUR	140.15	2.8	2.4	-6.4
GAM Multi-Pac USD Op	OT	OT	VGB	11/16	USD	164.33	4.5	4.2	-5.7
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	11/13	USD	2501.05	60.7	55.1	7.7
GAM Sing/Malaysia	AS	EQ	VGB	11/20	USD	2455.09	47.8	57.0	-11.7
GAM Sterling Spe Bd Inc	OT	OT	VGB	11/16	GBP	240.02	38.9	34.4	1.3
GAM Trading EUR Inc	OT	OT	VGB	11/16	EUR	326.02	6.6	7.6	7.3
GAM Trading USD Inc	OT	OT	VGB	11/16	USD	975.72	6.8	7.7	6.8
GAM Trdg II IncEUR Op	OT	OT	VGB	11/16	EUR	139.48	6.6	7.6	7.2
GAM Trdg II IncUSD Op	OT	OT	VGB	11/16	USD	316.82	6.8	7.7	6.8
GAM Trdg IV IncEUR Op	OT	OT	VGB	11/16	EUR	147.18	6.3	7.5	6.9
GAM Trdg IV IncUSD Op	OT	OT	VGB	11/16	USD	154.95	6.6	7.5	6.7
GAM Trdg V IncEUR Op	OT	OT	VGB	10/30	EUR	124.10	5.8	6.6	7.1
GAM Trdg V IncUSD Op	OT	OT	VGB	10/30	USD	129.23	5.9	7.1	6.8
GAM TrdgIII IncEUR Op	OT	OT	VGB	11/16	EUR	157.37	6.4	7.6	7.0
GAM TrdgIII IncUSD Op	OT	OT	VGB	11/16	USD	162.96	6.6	7.5	6.7
GAM USDSpecBondInc	US	BD	VGB	11/16	USD	524.98	72.7	69.3	5.8
GAM Worldwide	GL	EQ	VGB	11/20	USD	2229.52	24.5	46.1	-10.6
GAMut Investments	OT	OT	VGB	11/18	USD	7653.57	5.4	8.0	7.8

GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	11/20	CHF	10.54	48.9	57.4	-18.4
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	11/20	EUR	11.15	49.1	61.2	-14.3
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	11/20	GBP	1.49	40.7	71.8	-3.8
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	11/20	USD	13.03	58.9	92.8	-13.8
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	11/20	EUR	94.12	11.4	18.3	-16.4
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	11/20	EUR	91.08	11.4	18.4	-16.4
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	11/20	EUR	10.46	18.9	26.6	-12.7
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	11/20	EUR	176.45	20.5	27.2	-14.6
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	11/20	EUR	161.23	20.4	27.1	-14.6
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	11/20	USD	16.00	28.2	51.8	-14.2
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	11/20	USD	14.51	28.1	51.8	-14.2
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	11/16	USD	5.89	25.1	18.9	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	11/20	EUR	80.68	-0.9	6.7	-16.2
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	11/20	EUR	80.68	-0.9	6.7	-16.2
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	11/20	JPY	842.42	0.5	15.3	-25.3
GAMStar-JpnEq USD Acc	JP	EQ	IRL	11/20	USD	10.38	-1.4	17.1	-19.0
GAMStar-World EqUSD Acc	GL	EQ	IRL	11/20	USD	2206.96	25.4	47.2	-10.1

المجموعة المالية - هيرميس
EFG HERMES

HERMES FINANCIAL MANAGEMENT (EGYPT) LIMITED, AMSALES@EFG-HERMES.COM
*Tel: 9714 363 4041 *Middle East & Developing Africa Fund*

EFG-Hermes Egypt	GL	EQ	BMU	10/30	USD	43.54	25.9	29.9	-14.4
EFG-Hermes MEDA*	GL	EQ	BMU	09/30	USD	24.16	15.3	-17.3	-10.4
EFG-Hermes Saudi Arabia Equity	EA	EQ	SAU	10/27	SAR	6.27	32.3	11.2	NS
EFG-Hermes Telecom	OT	EQ	BMU	09/30	USD	29.73	16.0	-0.1	-8.2

LLOYD GEORGE MANAGEMENT (HK) LTD
Suite 3808, One Exchange Square, HK: Tel. 852 2845 4433 Fax. 852 2845 3911

LG Antenna	GL	EQ	BMU	11/20	USD	59.02	72.9	83.7	-10.9
LG Asian Plus	AS	EQ	CYM	11/06	USD	54.16	43.3	41.3	-24.1
LG AsianSmallerCo's	AS	EQ	BMU	11/23	USD	92.44	67.6	90.8	-23.0
LG India	EA	EQ	MUS	11/19	USD	62.73	96.6	102.3	-15.9

Manulife WEALTH MANAGEMENT 宏利財富管理

MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	11/23	USD	14.57	21.5	42.5	-13.3
American Growth AA	US	EQ	LUX	11/23	USD	0.84	21.2	43.3	-8.4
Asian Equity	AS	EQ	LUX	11/23	USD	2.43	62.3	87.2	-7.9
Asian Equity AA	AS	EQ	LUX	11/23	USD	0.78	61.8	86.5	-8.1
Asian Sm Cap Equity AA	AS	EQ	LUX	11/23	USD	1.12	85.4	115.8	-5.8
China Value A	AS	EQ	LUX	11/23	USD	7.07	63.8	90.3	-5.5
China Value AA	AS	EQ	LUX	11/23	USD	2.22	63.4	89.8	-5.7
Dragon Growth	AS	EQ	LUX	11/23	USD	1.65	68.1	93.5	-7.3
Dragon Growth AA	OT	OT	LUX	11/23	HKD	8.01	68.0	92.1	-8.2
Emg Eastrn Europe A	EU	EQ	LUX	11/23	USD	4.60	95.0	125.3	-16.2
Emg Eastrn Europe AA	EU	EQ	LUX	11/23	USD	1.98	94.8	124.9	-16.3
European Growth	EU	EQ	LUX	11/23	USD	9.29	44.4	73.2	-17.1
European Growth AA	EU	EQ	LUX	11/23	USD	0.66	44.1	72.7	-18.1
Global Contrarain AA	GL	EQ	LUX	11/23	USD	0.86	78.7	130.2	NS
Global Property AA	OT	EQ	LUX	11/23	USD	0.65	41.9	79.7	-15.7
Global Resources AA	OT	EQ	LUX	11/23	USD	1.10	56.4	125.9	-9.5
Healthcare AA	OT	EQ	LUX	11/23	USD	0.91	10.2	27.6	NS
India Equity AA	EA	EQ	LUX	11/23	USD	1.07	76.4	94.2	-16.2
International Growth	GL	EQ	LUX	11/23	USD	3.02	21.1	41.9	-15.6
International Growth AA	GL	EQ	LUX	11/23	USD	0.70	20.8	41.6	-15.8
Japanese Growth	JP	EQ	LUX	11/23	USD	2.61	0.7	17.8	-17.0
Japanese Growth AA	JP	EQ	LUX	11/23	USD	0.68	0.5	17.5	-17.4
Latin America Equity AA	GL	EQ	LUX	11/23	USD	1.24	98.6	131.9	-4.0
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	11/23	USD	1.11	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	11/23	USD	0.66	140.7	174.0	-18.4
Taiwan Equity AA	AS	EQ	LUX	11/23	USD	1.02	74.7	101.4	-0.9
Turkey Equity AA	EE	EQ	LUX	11/23	USD	0.66	80.3	137.6	-16.9
U.S. Bond AA	US	BD	LUX	11/23	USD	1.11	17.8	22.6	7.6
U.S. High Yield Bond AA	US	BD	LUX	11/23	USD	0.73	63.9	78.5	-5.3
U.S. Sm Cap Equity AA	US	EQ	LUX	11/23	USD	0.77	60.5	90.2	-14.8
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	11/23	USD	1.15	9.3	15.7	3.7

PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	11/18	USD	124.03	115.0	136.5	-4.2

Sensible Asset Management
A Value Partners Group company

SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	11/23	USD	7.87	83.4	118.0	-5.8

SOCIETE GENERALE
Asset Management

SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM
SGAM Fund

Bonds Eur Hi Yld A	EU	BD	LUX	11/20	EUR	20.23	52.2	50.6	-2.4
Bonds EURO A	EU	BD	LUX	11/20	EUR	41.30	4.6	6.5	5.3
Bonds EUROPE A	EU	BD	LUX	11/20	EUR	39.33	3.8	5.2	4.2
Bonds US OppsCoreplus A	US	BD	LUX	11/20	USD	37.01	17.4	22.1	8.8
Bonds World A	GL	BD	LUX	11/20	USD	43.62	9.5	17.7	7.6
Eq. China A	AS	EQ	LUX	11/23	USD	24.44	63.5	98.8	-12.1
Eq. ConcentratedEuropeA	EU	EQ	LUX	11/20	EUR	25.97	26.0	41.3	-18.3
Eq. Eastern Europe A	EU	EQ	LUX	11/20	EUR	22.30	68.7	80.2	-27.0
Eq. Euroland A	EU	EQ	LUX	11/20	EUR	10.37	13.1	23.8	-21.1
Eq. EurolandCyclclsA	EU	EQ	LUX	11/20	EUR	16.92	23.2	39.3	-16.5
Eq. EurolandFinancialA	OT	EQ	LUX	11/20	EUR	11.45	35.9	51.2	-20.0
Eq. Glbl Emg Cty A	GL	EQ	LUX	11/20	USD	9.58	60.2	106.9	-14.9
Eq. Global A	GL	EQ	LUX	11/20	USD	27.25	29.5	52.1	-14.6
Eq. Global Energy A	OT	EQ	LUX	11/20	USD	17.79	24.8	51.9	-13.1
Eq. Global Technol A	OT	OT	LUX	04/24	USD	4.46	22.1	-29.7	-21.6
Eq. Gold Mines A	OT	EQ	LUX	11/20	USD	32.21	54.0	169.7	4.9
Eq. Pacific A	AS	EQ	LUX	11/23	USD	10.26	60.7	87.4	-11.7
Eq. US Lg Cap Gr A	US	EQ	LUX	11/20	USD	14.77	36.9	59.5	-13.3
Eq. US Rel Val A	US	EQ	LUX	11/20	USD	20.03	29.0	60.5	-15.3
Eq. US Sm Cap Val A	US	EQ	LUX	11/20	USD	14.87	14.9	48.0	-21.9
Money Market EURO A	EU	MM	LUX	11/20	EUR	27.39	1.0	1.4	2.9
Money Market USD A	US	MM	LUX	11/20	USD	15.83	0.5	0.8	1.9

المستثمر الوطني
The National Investor

THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	11/12	USD	1059.47	12.7	NS	NS
TNI MENA Special Sits Fund	OT	OT	BMU	10/29	USD	1139.93	17.4	NS	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	11/12	AED	6.39	39.4	-4.9	-22.9

Value Partners
Investing through discipline

WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	11/16	USD	29.76	85.5	NS	-0.4
Intel-China Converg*	AS	EQ	CYM	11/16	USD	114.18	87.4	NS	-1.9
VP Classic - A	AS	EQ	CYM	11/23	USD	183.39	79.9	105.1	-2.4
VP CLassic - B	AS	EQ	CYM	11/23	USD	85.52	79.1	104.1	-3.0
VP High Dividend Stk	AS	EQ	CYM	11/16	USD	44.82	80.4	87.7	-2.4

yuki
Yuki Management & Research
Tel +81-3-5296-3277 www.yukijapan.co.jp

YUKI INTERNATIONAL LIMITED
Tel +44-207-269 0203 www.yukifunds.com

YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	11/20	JPY	8532.00	-0.8	6.8	-30.0
YMR-N Small Cap Fund	OT	OT	IRL	11/20	JPY	6574.00	2.4	11.8	-28.9

Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	11/20	JPY	5603.00	-5.1	4.0	-31.1
Yuki 77 Growth	JP	EQ	IRL	11/20	JPY	5299.00	-10.4	-5.1	-35.7

Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	11/20	JPY	6192.00	-0.8	6.8	-28.2
Yuki Chugoku JpnLowP	JP	EQ	IRL	11/20	JPY	7037.00	-14.1	-6.0	-27.7

Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	11/20	JPY	4189.00	-7.9	-1.2	-31.7
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	11/20	JPY	4868.00	-7.8	-3.6	-24.2
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	11/20	JPY	4793.00	1.9	10.6	-27.2

Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	11/20	JPY	3962.00	-6.8	-0.8	-34.7
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	11/20	JPY	4242.00	-5.6	-0.7	-34.7
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	11/20	JPY	6233.00	2.2	10.2	-29.5
Yuki Mizuho Jpn Gen	OT	OT	IRL	11/20	JPY	7752.00	-3.4	4.6	-30.4
Yuki Mizuho Jpn Gro	OT	OT	IRL	11/20	JPY	5853.00	-6.4	1.2	-32.3
Yuki Mizuho Jpn Inc	OT	OT	IRL	11/20	JPY	7028.00	-11.6	-4.7	-27.1
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	11/20	JPY	4711.00	-5.5	1.5	-30.1
Yuki Mizuho Jpn LowP	OT	OT	IRL	11/20	JPY	10667.00	-5.9	2.5	-24.2
Yuki Mizuho Jpn PGth	OT	OT	IRL	11/20	JPY	7291.00	-4.6	2.0	-34.1
Yuki Mizuho Jpn SmCp	OT	OT	IRL	11/20	JPY	6642.00	8.3	17.0	-29.2
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	11/20	JPY	5202.00	0.2	10.9	-26.0
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	11/20	JPY	2621.00	9.8	13.8	-33.7

Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	11/20	JPY	4887.00	-4.2	3.7	-31.3

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com or Peter Jennings, tel: +44-20-7842-9674; email: peter.jennings@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE Previous session	Year-to-date	52-week
Brazil	-1.24%	**99.8%**	103.1%
Russia	-2.77	**96.0**	95.5
China 88	-2.75	**82.8**	78.6
Turkey	-0.46	**65.3**	81.8
Singapore	-0.61	**60.1**	70.6
Hong Kong	-1.60	**52.2**	72.5
Sweden	-0.74	**51.3**	57.6
South Korea	-0.78	**46.9**	68.9
Netherlands	-0.16	**35.2**	38.7
Canada	-0.64	**27.8**	35.9
Australia	-0.67	**25.6**	26.9
Switzerland	-0.38	**23.0**	25.8
South Africa	-0.31	**20.5**	32.7
U.K.	-0.33	**20.0**	28.2
Italy	-0.85	**19.7**	17.8
France	-0.73	**18.2**	19.0
Spain	-0.28	**16.9**	22.6
Germany	-0.57	**14.6**	21.0
Japan	-0.91	**-2.5%**	0.5

Dow Jones Regional Sector Titans

Basic Res	-0.95%	**78.5%**	98.2%
Tiger 50*	-1.07	**57.5**	81.0
Technology	-0.92	**49.4**	58.1
Nordic 30 -p	2.52	**40.0**	39.8
EU Enlarged†-p	2.25	**39.2**	36.5
Asian 50	-0.98	**27.5**	40.4
Global 50	-0.27	**21.5**	26.2
Stoxx 50 -p	2.21	**21.0**	21.5
Euro Stoxx 50 -p	2.30	**18.4**	21.8
Arab 50	0.21	**5.6**	6.7

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Tuesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Tokyo Elec Power	Japan	Conventional Electricity	$34.2	2,245	**1.35%**	-27.1%	-36.0%
Japan Tobacco	Japan	Tobacco	27.1	250,200	**1.17**	-25.5	-52.0
Kansai Elec Power	Japan	Conventional Electricity	22.1	2,050	**0.99**	-23.2	-27.4
KDDI	Japan	Mobile Telecommunications	23.3	466,000	**0.87**	-23.6	-40.5
Woodside Petroleum	Australia	Exploration Production	32.0	49.10	**0.80**	46.6	36.1
Sumitomo Mitsui Finl	Japan	Banks	$30.6	2,690	**-4.44%**	-20.9	-77.0
China Constr Bk	Hong Kong	Banks	207.3	7.15	**-3.38**	81.9	88.7
Mitsubishi UFJ Finl Grp	Japan	Banks	59.8	458.00	**-2.76**	-9.5	-67.8
RioZim Ltd	Australia	General Mining	40.1	71.89	**-2.56**	42.6	25.0
Mizuho Financial Grp	Japan	Banks	24.4	154.00	**-2.53**	-37.8	-81.5

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	50.1	62.40	**0.65%**	57.2%	-1.0%
Nippon T&T Japan (Fixed Line Telecommunications)	54.7	3,660	**0.55**	-14.9	-36.6
Tokio Marine Japan (Property Casualty Insurance)	21.6	2,435	**0.41**	14.6	-40.0
Nintendo Japan (Toys)	31.8	22,040	**0.23**	-21.6	-15.3
POSCO South Korea (Iron Steel)	36.5	557,000	**0.18**	75.2	94.8
NTT DoCoMo Japan (Mobile Telecommunications)	62.6	130,000	**0.08**	-18.2	-26.6
Woolworths Australia (Food Retailers Wholesalers)	31.8	28.08	**...**	12.3	31.1
Honda Motor Japan (Automobiles)	56.2	2,725	**...**	30.4	-31.4
Mitsui Japan (Industrial Suppliers)	23.3	1,138	**...**	50.9	-23.4
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	36.5	138.00	**...**	166.3	-6.8
Aus NZ Bk Australia (Banks)	50.4	21.89	**-0.05**	50.5	-20.8
Commonwealth Bk of Australia Australia (Banks)	73.7	52.74	**-0.11**	55.1	12.2
East Japan Railway Japan (Travel Tourism)	26.1	5,790	**-0.17**	-22.2	-28.1
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	29.0	97.00	**-0.21**	45.9	7.1
Shinhan Financial Grp South Korea (Banks)	20.3	49,400	**-0.30**	99.7	14.9
QBE Ins Grp Australia (Reinsurance)	20.8	22.57	**-0.35**	-1.9	-9.7
Mitsubishi Japan (Industrial Suppliers)	35.0	1,891	**-0.42**	75.9	-8.4
Takeda Pharm Japan (Pharmaceuticals)	31.4	3,520	**-0.56**	-22.8	-52.5
BHP Billiton Australia (General Mining)	124.2	40.23	**-0.57**	53.4	55.9
KB Fncl Group South Korea (Banks)	20.9	62,800	**-0.63**	169.1	-10.3

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Westpac Bking Australia (Banks)	64.2	23.96	**-0.79%**	34.4%	0.4%
JFE Hldgs Japan (Iron Steel)	16.7	2,790	**-0.89**	28.3	-45.7
Westfield Grp Australia (Retail REITs)	25.4	12.12	**-0.98**	-14.4	-37.7
Hutchison Whampoa Hong Kong (Diversified Industrials)	29.3	53.30	**-1.02**	51.2	-25.6
Seven I Hldgs Japan (Broadline Retailers)	19.8	1,937	**-1.12**	-29.2	-44.7
China Life Ins Hong Kong (Life Insurance)	37.4	38.95	**-1.14**	96.7	112.2
Canon Japan (Electronic Office Equipment)	46.8	3,360	**-1.18**	15.7	-43.8
Nippon Steel Japan (Iron Steel)	22.3	314.00	**-1.26**	10.6	-37.3
Nissan Motor Japan (Automobiles)	31.3	613.00	**-1.29**	77.2	-55.9
National Australia Bk Australia (Banks)	53.1	27.99	**-1.44**	40.9	-26.3
Shin-Etsu Chml Japan (Specialty Chemicals)	22.0	4,590	**-1.71**	13.3	-38.2
Indl Comm Bk China Hong Kong (Banks)	73.4	6.85	**-1.72**	87.2	82.2
Toyota Motor Japan (Automobiles)	120.2	3,380	**-1.74**	8.0	-50.5
PetroChina Hong Kong (Integrated Oil Gas)	26.8	9.84	**-1.80**	70.2	6.2
China Mobile (HK) Hong Kong (Mobile Telecommunications)	192.9	75.20	**-1.83**	13.1	16.6
Sony Japan (Consumer Electronics)	26.6	2,365	**-1.87**	23.4	-48.1
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	37.7	113.80	**-1.90**	115.9	30.9
CNOOC Hong Kong (Exploration Production)	70.8	12.28	**-2.07**	123.3	83.3
Panasonic Japan (Consumer Electronics)	26.5	1,134	**-2.24**	-18.8	-48.7
Samsung Elec South Korea (Semiconductors)	94.5	742,000	**-2.24**	64.3	17.8

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**.
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.04%	0.31%	1.6%	7.2%	7.6%
Event Driven	0.71	0.76	4.6	14.2	6.9
Equity Long/Short	-0.27	-1.85	-0.3	2.7	-5.2

*Estimates as of 11/20/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

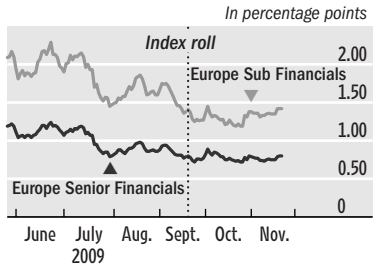
Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.84	100.75%	0.01%	1.00	0.78	0.86
Eur. High Volatility: 12/1	1.35	98.37	0.01	1.76	1.34	1.45
Europe Crossover: 12/1	5.20	99.18	0.05	6.15	4.87	5.35
Asia ex-Japan IG: 12/1	1.09	99.57	0.01	1.26	0.96	1.10
Japan: 12/1	1.43	97.92	0.01	1.53	0.99	1.28

Note: Data as of November 23

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Korea Elec Pwr	74	**-3**	-3	-2
Kdom Thailand	104	**-2**	1	-4
Bk of China	112	**-1**	1	6
Socialist Rep Vietnam	208	**-1**	4	28
Malaysia	95	**-1**	1	6
Korea Expwy	81	**-1**	1	-1
Malayan Bkg	96	**-1**	2	10
Singapore Telecom	42	**-1**	-2	2
Expt Import Bk Korea	103	**-1**	3	3
POSCO	74	**-1**	...	1

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
PCCW HKT Tel	103	**1**	3	3
Victor Co of Japan	1808	**1**	-32	28
Panasonic	42	**1**	1	7
SK Telecom	78	**1**	2	1
Expt Import Bk of China	119	**1**	3	8
Kawasaki Heavy Inds	111	**1**	7	18
Ptt Pub	94	**1**	-2	-6
SP Powerassets	50	**2**	-3	6
Isetan	70	**2**	5	10
Hana Bank	112	**2**	-1	4

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Australia

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
UBS	$274	14.9%	85%	9%	6%	...
Macquarie Group	207	11.3	56	1	42	1%
Deutsche Bank	197	10.8	79	15	7	...
JPMorgan	139	7.6	64	24	12	1
Goldman Sachs	137	7.5	62	19	19	...
Credit Suisse	121	6.6	80	8	12	...
RBS	109	5.9	81	13	4	2
Citi	81	4.4	40	43	17	...
Westpac	55	3.0	7	61	...	32

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

	Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
	Corn (cents/bu.)	CBOT	**392.50**	-10.75	**-2.67%**	712.25	315.50
	Soybeans (cents/bu.)	CBOT	**1039.00**	-3.00	**-0.29**	1,315.00	794.00
	Wheat (cents/bu.)	CBOT	**572.00**	-6.50	**-1.12**	1,029.25	459.00
	Live cattle (cents/lb.)	CME	**85.825**	0.400	**0.47%**	108.600	84.150
	Cocoa ($/ton)	ICE-US	**3,260**	-33	**-1.00**	3,439	1,994
	Coffee (cents/lb.)	ICE-US	**136.30**	-1.10	**-0.80**	188.65	115.00
	Sugar (cents/lb.)	ICE-US	**22.07**	-0.07	**-0.32**	26.25	11.91
	Cotton (cents/lb.)	ICE-US	**75.20**	0.72	**0.97**	84.00	49.67
	Crude palm oil (ringgit/ton)	MDEX	**2,478.00**	-8	**-0.32**	2,495	2,013
	Cocoa (pounds/ton)	LIFFE	**2,178**	-13	**-0.59**	2,250	1,475
	Robusta coffee ($/ton)	LIFFE	**1,333**	-15	**-1.11**	1,955	1,295
	Copper (cents/lb.)	COMEX	**314.15**	-2.05	**-0.65**	365.00	135.50
	Gold ($/troy oz.)	COMEX	**1168.10**	3.80	**0.33**	1,175.50	762.30
	Silver (cents/troy oz.)	COMEX	**1846.00**	-15.00	**-0.81**	2,011.50	1,045.00
	Aluminum ($/ton)	LME	**2,028.00**	-29.00	**-1.41**	2,069.00	1,288.00
	Tin ($/ton)	LME	**15,020.00**	20.00	**0.13**	15,700.00	9,750.00
	Copper ($/ton)	LME	**6,899.00**	-69.00	**-0.99**	6,968.00	2,815.00
	Lead ($/ton)	LME	**2,380.00**	-10.00	**-0.42**	2,459.50	870.00
	Zinc ($/ton)	LME	**2,250.50**	-40.00	**-1.75**	2,344.00	1,065.00
	Nickel ($/ton)	LME	**16,750**	-200	**-1.18**	21,150	9,175
	Crude oil ($/bbl.)	NYMEX	**76.53**	-1.03	**-1.33**	139.00	47.31
	Heating oil ($/gal.)	NYMEX	**1.9897**	-0.0279	**-1.38**	4.1847	1.3640
	RBOB gasoline ($/gal.)	NYMEX	**1.9625**	-0.0368	**-1.84**	2.7100	1.1525
	Natural gas ($/mmBtu)	NYMEX	**4.730**	-0.061	**-1.27**	12.920	4.560
	Brent crude ($/bbl.)	ICE-EU	**76.45**	-1.01	**-1.30**	108.19	48.19
	Gas oil ($/ton)	ICE-EU	**615.25**	-24.50	**-3.83**	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**. Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Currencies

London close on Nov. 24

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.6783	0.1761	3.7988	0.2632
Brazil real	2.5864	0.3866	1.7303	0.5779
Canada dollar	1.5836	0.6315	1.0595	0.9439
1-mo. forward	1.5836	0.6315	1.0595	0.9439
3-mos. forward	1.5837	0.6315	1.0595	0.9439
6-mos. forward	1.5840	0.6313	1.0597	0.9437
Chile peso	737.14	0.001357	493.15	0.002028
Colombia peso	2945.11	0.0003395	1970.30	0.0005075
Ecuador US dollar-f	1.4947	0.6690	1	1
Mexico peso-a	19.3113	0.0518	12.9195	0.0774
Peru sol	4.3046	0.2323	2.8798	0.3472
Uruguay peso-e	30.044	0.0333	20.100	0.0498
U.S. dollar	1.4947	0.6690	1	1
Venezuela bolivar	3.21	0.311558	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6291	0.6138	1.0899	0.9176
China yuan	10.2089	0.0980	6.8299	0.1464
Hong Kong dollar	11.5843	0.0863	7.7500	0.1290
India rupee	69.3116	0.0144	46.3700	0.0216
Indonesia rupiah	14170	0.0000706	9480	0.0001055
Japan yen	132.32	0.007558	88.52	0.011297
1-mo. forward	132.30	0.007559	88.51	0.011298
3-mos. forward	132.27	0.007560	88.49	0.011301
6-mos. forward	132.20	0.007564	88.44	0.011307
Malaysia ringgit-c	5.0642	0.1975	3.3880	0.2952
New Zealand dollar	2.0614	0.4851	1.3791	0.7251
Pakistan rupee	124.438	0.0080	83.250	0.0120
Philippines peso	70.403	0.0142	47.100	0.0212
Singapore dollar	2.0713	0.4828	1.3857	0.7217
South Korea won	1728.68	0.0005785	1156.50	0.0008647
Taiwan dollar	48.161	0.02076	32.220	0.03104
Thailand baht	49.678	0.02013	33.235	0.03009

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6690	1.4947
1-mo. forward	1.0001	0.9999	0.6691	1.4945
3-mos. forward	1.0005	0.9995	0.6694	1.4939
6-mos. forward	1.0013	0.9987	0.6699	1.4928
Czech Rep. koruna-b	26.086	0.0383	17.452	0.0573
Denmark krone	7.4410	0.1344	4.9781	0.2009
Hungary forint	268.22	0.003728	179.44	0.005573
Norway krone	8.4050	0.1190	5.6230	0.1778
Poland zloty	4.1253	0.2424	2.7599	0.3623
Russia ruble-d	43.150	0.02318	28.868	0.03464
Sweden krona	10.3523	0.0966	6.9258	0.1444
Switzerland franc	1.5117	0.6615	1.0114	0.9888
1-mo. forward	1.5115	0.6616	1.0112	0.9889
3-mos. forward	1.5110	0.6618	1.0109	0.9892
6-mos. forward	1.5101	0.6622	1.0103	0.9898
Turkey lira	2.2405	0.4463	1.4989	0.6672
U.K. pound	0.9014	1.1094	0.6030	1.6583
1-mo. forward	0.9016	1.1092	0.6032	1.6579
3-mos. forward	0.9020	1.1087	0.6034	1.6572
6-mos. forward	0.9026	1.1079	0.6039	1.6560
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5635	1.7746	0.3770	2.6526
Egypt pound-a	8.1509	0.1227	5.4530	0.1834
Israel shekel	5.6479	0.1771	3.7785	0.2647
Jordan dinar	1.0590	0.9443	0.7085	1.4114
Kuwait dinar	0.4265	2.3445	0.2854	3.5045
Lebanon pound	2245.86	0.0004453	1502.50	0.0006656
Saudi Arabia riyal	5.6056	0.1784	3.7502	0.2667
South Africa rand	11.1632	0.0896	7.4683	0.1339
United Arab dirham	5.4902	0.1821	3.6730	0.2723
SDR -f	0.9332	1.0715	0.6243	1.6017

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
44	**ASIA-PACIFIC**	DJ Asia-Pacific	119.40	-0.88	**-0.73%**	27.6%	42.2%
..	Australia	SPX/ASX 200	4685.0	-32.0	**-0.68**	25.9	29.3
...	China	CBN 600	28740.53	-1070.70	**-3.59**	94.7	95.7
21	Hong Kong	Hang Seng	22423.14	-348.25	**-1.53**	55.9	74.1
19	India	Sensex	17131.08	-49.10	**-0.29**	77.6	97.0
..	Indonesia	Jakarta Composite	2471.884	-9.532	**-0.38**	82.4	114.2
...	Japan	Nikkei Stock Average	9401.58	-96.10	**-1.01**	6.1	12.9
...		Topix	829.22	-9.49	**-1.13**	-3.5	-0.3
...	Malaysia	Kuala Lumpur Composite	1272.09	1.21	**0.10%**	45.1	47.9
...	New Zealand	NZSX-50	3107.613	-5.363	**-0.17**	14.4	17.9
8	Pakistan	KSE 100	9233.70	11.74	**0.13**	57.4	0.5
16	Philippines	Manila Composite	3074.66	26.66	**0.87**	64.2	61.1
...	Singapore	Straits Times	2779.98	-17.90	**-0.64**	57.8	68.2
11	South Korea	Kospi	1606.42	-12.63	**-0.78**	42.9	63.4
21	Taiwan	Weighted	7714.56	27.41	**0.36**	68.0	80.8
10	Thailand	SET	676.22	-14.19	**-2.06**	50.3	72.6
50	**EUROPE**	DJ Stoxx 600	247.15	-1.34	**-0.54**	25.5	24.3
22		DJ Stoxx 50	2509.65	-12.89	**-0.51**	21.5	20.3
40	**Euro Zone**	DJ Euro Stoxx	268.32	-1.59	**-0.59%**	20.4%	23.2%
18		DJ Euro Stoxx 50	2881.19	-17.00	**-0.59**	17.5	20.8
19	Denmark	OMX Copenhagen	310.56	-4.81	**-1.53**	37.3	33.9
19	Finland	OMX Helsinki	6292.34	-55.26	**-0.87**	16.4	14.8
19	France	CAC-40	3784.62	-28.55	**-0.75**	17.6	17.9
22	Germany	DAX	5769.31	-32.17	**-0.55**	19.9	26.5
16	Italy	FTSE MIB	22708.45	-247.99	**-1.08**	16.7	14.8
..	Netherlands	AEX	315.86	-1.18	**-0.37**	28.4	28.5
...	Russia	RTSI	1447.23	-19.54	**-1.33**	129.0	109.0
11	Spain	IBEX 35	11905.2	-35.3	**-0.30**	29.5	36.9
14	Switzerland	SMI	6397.53	-12.71	**-0.20**	15.6	16.8
...	Turkey	ISE National 100	45513.50	-287.92	**-0.63**	69.4	86.3
14	U.K.	FTSE 100	5323.96	-31.54	**-0.59**	20.1	27.6
1	**AMERICAS**	DJ Americas	290.07	-1.99	**-0.68**	28.3	38.3
...	Brazil	Bovespa	66206.72	-602.68	**-0.90**	76.3	91.8
...	Argentina	Merval	2221.93	-29.45	**-1.31**	105.8	146.9
20	Mexico	IPC	30914.83	-211.34	**-0.68**	38.1	62.9

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.20%	2	**DJ Global Index**	223.91	-1.55	**-1.55%**	40.1%	-0.7%	-6.1%
1.94	20	**Global DOW**	1963.26	-5.33	**-5.33**	38.9	-0.3	-1.9
2.54	95	**Asia/Pacific 600**	110.85	-0.91	**-0.91**	27.5	-0.8	-7.0
1.78	0	**Emerging Markets**	273.71	-2.19	**-2.19**	99.8	-0.8	4.4
2.28	44	**Asia/Pacific**	119.40	-0.88	**-0.88**	42.2	-0.7	-4.8
2.50	18	**Asia/Pacific ex-Japan**	308.70	-2.28	**-2.28**	92.5	-0.7	1.5
2.72	25	**Southeast Asia**	153.51	-0.30	**-0.30**	88.1	-0.2	2.8
0.83	34	**CBN China 600** -c	28740.53	-1070.70	**-1070.70**	95.7	-3.6	30.9
0.86	36	**Shanghai**	382.93	-15.01	**-15.01**	95.0	-3.8	30.4
0.58	56	**Shenzhen**	407.91	-17.50	**-17.50**	122.3	-4.1	36.8
2.12	21	**China Offshore 50**	4213.47	-69.91	**-69.91**	86.5	-1.6	12.7
9.18	9	**Australia LPT** -c, d	1123.25	-15.36	**-15.36**	-2.8	-1.4	-21.2

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	Year-to-date	52-wk.	Three-yr., annualized
2.16%	15	**Islamic Market**	1935.37	-11.37	**-11.37%**	40.0%	-0.6%	-1.8%
2.47	16	**Islamic Market 100**	2099.44	-10.58	**-10.58**	26.6	-0.5	-2.4
9.74	21	**Bahrain**	120.72	0.07	**0.07**	-26.5	0.1	-12.8
2.87	30	**Kuwait**	194.47	4.13	**4.13**	-22.3	2.2	-16.1
2.62	19	**Sustainability**	1013.29	-6.85	**-6.85**	40.4	-0.7	-6.4
2.81	50	**Stoxx 600 -p**	278.01	7.88	**7.88**	46.9	2.9	-7.1
4.95	13	**Stoxx Select Div 30 -p**	1851.48	49.16	**49.16**	44.3	2.7	-18.7
4.20	16	**Euro Stoxx Sel Div 30 -p**	2202.79	61.92	**61.92**	54.5	2.9	-14.3
1.78	30	**DJ U.S. TSM**	11244.75	-73.18	**-73.18**	32.0	-0.7	-7.3
4.06	15	**U.S. Select Dividend -d**	630.02	-3.77	**-3.77**	10.5	-0.6	-10.3
4.71		**U.S. REIT**	136.06	-1.70	**-1.70**	31.3	-1.2	-20.5
		DJ-UBS Commodity -p	135.27	0.37	**0.37**	9.4	0.3	-7.1

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

U.S.	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
		1.090	0.603	1.059	6.830	0.669	7.750	46.370	9479.57	88.520	1.379	1156.50	3.388	47.100	1.386	1.011	32.220	33.235
Australia	0.918		0.553	0.972	6.267	0.614	7.111	42.547	8697.98	81.222	1.265	1061.14	3.109	43.217	1.271	0.928	29.563	30.495
Britain	1.658	1.807		1.757	11.326	1.109	12.852	76.895	15719.97	146.793	2.287	1917.82	5.618	78.106	2.298	1.677	53.430	55.114
Canada	0.944	1.029	0.569		6.447	0.631	7.315	43.768	8947.63	83.553	1.302	1091.60	3.198	44.457	1.308	0.955	30.412	31.370
China	0.1464	0.160	0.088	0.155		0.098	1.135	6.789	1387.96	12.961	0.202	169.33	0.496	6.896	0.203	0.148	4.718	4.866
Euro	1.495	1.629	0.901	1.584	10.209		11.584	69.312	14169.59	132.315	2.061	1728.67	5.064	70.403	2.071	1.512	48.161	49.678
Hong Kong	0.129	0.141	0.078	0.137	0.881	0.086		5.983	1223.17	11.422	0.178	149.23	0.437	6.077	0.179	0.130	4.157	4.288
India	0.0216	0.0235	0.0130	0.0228	0.1473	0.0144	0.1671		204.43	1.9090	0.0297	24.94	0.0731	1.0157	0.0299	0.0218	0.6948	0.7167
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0093	0.0001	0.12	0.0004	0.0050	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.077	0.008	0.088	0.524	107.09		0.016	13.06	0.038	0.532	0.016	0.011	0.364	0.375
New Zealand	0.725	0.790	0.437	0.768	4.952	0.485	5.620	33.623	6873.64	64.186		838.58	2.457	34.152	1.005	0.733	23.363	24.099
South Korea	0.0009	0.0009	0.0005	0.0009	0.0059	0.0006	0.0067	0.0401	8.20	0.0765	0.0012		0.0029	0.0407	0.0012	0.0009	0.0279	0.0287
Malaysia	0.295	0.322	0.178	0.313	2.016	0.197	2.287	13.687	2797.98	26.128	0.407	341.35		13.902	0.409	0.299	9.510	9.810
Philippines	0.021	0.023	0.013	0.022	0.145	0.014	0.165	0.985	201.26	1.879	0.029	24.55	0.072		0.029	0.021	0.684	0.706
Singapore	0.722	0.787	0.435	0.765	4.929	0.483	5.593	33.463	6841.00	63.881	0.995	834.59	2.445	33.990		0.730	23.252	23.984
Switzerland	0.989	1.078	0.596	1.048	6.753	0.662	7.663	45.850	9373.19	87.527	1.364	1143.52	3.350	46.571	1.370		31.858	32.862
Taiwan	0.031	0.034	0.019	0.033	0.212	0.021	0.241	1.439	294.21	2.747	0.043	35.89	0.105	1.462	0.043	0.031		1.032
Thailand	0.030	0.033	0.018	0.032	0.206	0.020	0.233	1.395	285.23	2.663	0.041	34.80	0.102	1.417	0.042	0.030	0.969	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of November. 24, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	23	**ALL COUNTRY (AC) WORLD***	298.36	1.69%	**31.0%**	26.4%
2.60	24	**World (Developed Markets)**	1,165.83	1.75	**26.7**	21.8
1.90	1638	**World Small Cap**	185.94	1.48	**38.5**	34.0
2.70	20	**Kokusai (World ex-Japan)**	1,161.67	1.94	**30.2**	23.5
3.10	25	**EAFE**	1,590.70	2.20	**28.6**	28.4
2.30	19	**Emerging Markets (EM)**	977.20	1.25	**72.3**	71.3
2.70	24	**AC ASIA PACIFIC EX-JAPAN**	412.00	1.14	**66.6**	69.1
2.20	25	**AC Far East ex-Japan**	443.89	0.75	**62.8**	69.0
1.30	-40	**Japan**	521.49	0.00	**-1.6**	-3.2
2.10	20	**China**	66.72	1.42	**63.6**	88.5
0.90	37	**China A (China Domestic)**	3,479.81	1.03	**100.6**	122.1
2.60	23	**Hong Kong**	10,149.86	0.70	**54.8**	58.6
1.00	19	**India**	693.99	1.01	**88.0**	81.3
0.90	24	**Korea**	462.48	-0.06	**50.7**	46.3
2.60	21	**Malaysia**	471.10	-0.23	**46.6**	48.8
3.30	16	**Singapore**	1,569.41	1.43	**57.5**	57.2
2.70	377	**Taiwan**	278.40	0.11	**60.6**	49.6
3.10	19	**Thailand**	280.70	-0.89	**51.7**	64.1
4.10	22	**Australia**	969.42	0.62	**26.7**	16.9
5.10	17	**New Zealand**	84.83	-1.05	**11.7**	8.1
1.90	32	**US BROAD MARKET**	1,217.68	1.31	**24.0**	15.6
3.50	17	**EUROPE**	86.45	2.02	**24.5**	10.8

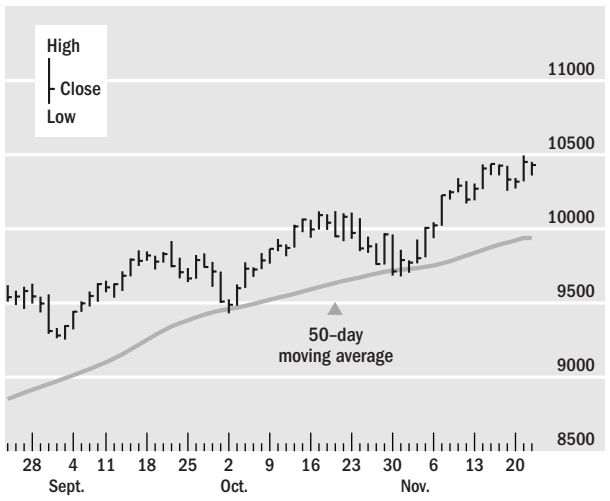
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10430.24** ▼ 20.71, or 0.20%
YEAR TO DATE: ▲ **1,653.85, or 18.8%**
OVER 52 WEEKS ▲ **1,950.77, or 23.0%**



Nasdaq Composite Index P/E: 44*

LAST: **2166.59** ▼ 9.42, or 0.43%
YEAR TO DATE: ▲ **589.56, or 37.4%**
OVER 52 WEEKS ▲ **701.86, or 47.9%**

S&P 500 Index P/E: 71

LAST: **1105.02** ▼ 1.22, or 0.11%
YEAR TO DATE: ▲ **201.77, or 22.3%**
OVER 52 WEEKS ▲ **247.63, or 28.9%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**16.10**	$26.96	0.18	**0.67%**
Alcoa	AA	**13.50**	12.82	-0.24	**-1.84**
AmExpress	AXP	**2.80**	41.31	-0.32	**-0.77**
BankAm	BAC	**56.10**	16.14	-0.15	**-0.92**
Boeing	BA	**1.50**	51.80	-0.83	**-1.58**
Caterpillar	CAT	**3.20**	57.78	-0.36	**-0.62**
Chevron	CVX	**3.20**	78.60	-0.14	**-0.18**
CiscoSys	CSCO	**13.60**	23.77	-0.13	**-0.54**
CocaCola	KO	**3.80**	57.99	-0.25	**-0.43**
Disney	DIS	**3.60**	30.27	-0.21	**-0.69**
DuPont	DD	**2.70**	34.64	-0.12	**-0.35**
ExxonMobil	XOM	**7.70**	75.84	0.14	**0.18**
GenElec	GE	**43.00**	16.19	0.17	**1.06**
HewlettPk	HPQ	**8.60**	50.07	-0.95	**-1.86**
HomeDpt	HD	**5.10**	27.59	0.08	**0.29**
Intel	INTC	**22.30**	19.45	0.05	**0.26**
IBM	IBM	**2.20**	127.54	-0.66	**-0.51**
JPMorgChas	JPM	**14.30**	42.37	-0.91	**-2.10**
JohnsJohns	JNJ	**4.10**	62.89	0.20	**0.32**
KftFoods	KFT	**4.90**	27.07	-0.27	**-0.99**
McDonalds	MCD	**2.80**	63.86	-0.13	**-0.20**
Merck	MRK	**6.10**	36.18	-0.24	**-0.66**
Microsoft	MSFT	**15.60**	29.92	-0.02	**-0.07**
Pfizer	PFE	**29.30**	18.38	-0.15	**-0.80**
ProctGamb	PG	**4.00**	62.58	-0.15	**-0.24**
3M	MMM	**1.20**	77.53	-0.20	**-0.26**
TravelersCos	TRV	**1.00**	53.00	0.03	**0.06**
UnitedTech	UTX	**1.90**	68.19	-0.54	**-0.79**
Verizon	VZ	**13.20**	31.81	0.48	**1.53**
WalMart	WMT	**4.70**	54.83	0.15	**0.27**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**114.3**	$4.25	–$0.03	**–0.70%**
SPDR S&P 500	SPY	**73.2**	110.70	–0.12	**–0.11**
BrcadeComm	BRCD	**63.8**	7.29	–0.51	**–6.51**
BankAm	BAC	**57.5**	16.14	–0.15	**–0.92**
GenElec	GE	**43.7**	16.19	0.17	**1.06**
DrxFinancBear 3x	FAZ	**39.6**	19.65	0.44	**2.29**
SprintNextel	S	**38.3**	3.79	–0.11	**–2.82**
PwrShrs QQQ	QQQQ	**36.4**	43.91	–0.23	**–0.52**
iShrMSCIEmrgMkt	EEM	**36.2**	41.01	–0.49	**–1.18**
NexMed	NEXM	**35.9**	0.30	0.11	**55.10**
SPDR FnclSelSct	XLF	**31.4**	14.69	–0.13	**–0.84**
OriginAgrtch	SEED	**30.9**	10.84	0.39	**3.73**
Pfizer	PFE	**30.3**	18.39	–0.14	**–0.76**
iShrRu2000	IWM	**26.4**	59.19	–0.42	**–0.70**
FordMotor	F	**25.8**	8.75	0.02	**0.23**

Biggest gainers...

OptimumBk	OPHC	**2.0**	$2.60	$0.55	**26.83%**
IATelecmSvc	IWA	**5,033.1**	15.82	3.13	**24.67**
Dataram	DRAM	**2,862.1**	5.21	0.73	**16.29**
BearSecS&P Ret	BYG	**2.6**	7.34	0.97	**15.16**
AsburyAuto	ABG	**359.2**	11.35	1.37	**13.73**

...Biggest losers

TelBrasl ADS	TBH	**321.1**	$11.50	-$3.90	**-25.32%**
WSPhldgADS	WH	**1,841.4**	3.39	-0.98	**-22.43**
ARCA biophrm	ABIO	**853.0**	3.61	-0.71	**-16.44**
WarnerMusicGp	WMG	**283.4**	6.06	-1.00	**-14.16**
eLong ADS	LONG	**92.7**	14.25	-2.24	**-13.58**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$5.61	**Taiwan Semi**	TSM	**3,864.8**	$10.44	-0.07	**-0.67%**
76.49	26.80	**BHP Billiton**	BHP	**2,207.0**	74.37	-0.68	**-0.91**
3.87	1.62	**Utd Microelectronics**	UMC	**1,668.8**	3.50	-0.02	**-0.57**
11.73	5.25	**AU Optrncs**	AUO	**1,185.7**	9.77	-0.15	**-1.51**
32.99	17.35	**Honda Motor**	HMC	**1,003.4**	30.24	-0.48	**-1.56**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**837.1**	5.10	-0.24	**-4.49**
59.22	38.51	**China Mobile**	CHL	**788.9**	48.56	-1.14	**-2.29**
8.19	3.14	**Siliconware Prec Ind**	SPIL	**750.3**	6.89	-0.01	**-0.17**
18.80	12.59	**SK Telecom**	SKM	**609.5**	17.22	-0.22	**-1.26**
15.95	8.56	**China Unicom**	CHU	**581.8**	13.63	-0.27	**-1.96**
30.82	15.64	**Sony**	SNE	**488.1**	26.55	-0.76	**-2.78**
77.17	35.57	**China Life Ins**	LFC	**431.8**	75.63	-1.05	**-1.36**
52.68	21.70	**Infosys Tech**	INFY	**421.1**	51.63	-0.21	**-0.41**
9.50	3.96	**Nomura Hldgs**	NMR	**312.5**	6.65	-0.21	**-3.06**
15.29	6.85	**Korea Elec Pwr**	KEP	**241.6**	14.20	-0.28	**-1.93**
27.96	17.71	**NTT**	NTT	**226.2**	20.51	0.00	**0**
32.79	8.60	**Aluminum Cp of China**	ACH	**217.4**	27.73	-0.24	**-0.86**
19.56	15.05	**ChunghwaTel**	CHT	**213.2**	18.01	0.11	**0.59**
20.35	13.11	**NTT DoCoMo**	DCM	**199.8**	14.56	-0.10	**-0.67**
87.67	55.41	**Toyota Motor**	TM	**196.1**	75.93	-1.55	**-2.00**
56.41	31.43	**ChinaTele**	CHA	**182.7**	44.76	-0.22	**-0.49**
17.66	9.94	**KT Corp**	KTC	**171.5**	17.05	-0.19	**-1.10**
135.92	63.94	**PetroChina**	PTR	**152.8**	127.13	-1.50	**-1.17**
150.50	47.09	**POSCO**	PKX	**151.9**	120.08	-1.15	**-0.95**
41.25	21.23	**Canon**	CAJ	**142.7**	37.48	-0.89	**-2.32**
20.17	4.14	**Yanzhou Coal Mining**	YZC	**142.3**	19.93	0.04	**0.18**
167.15	61.22	**CNOOC**	CEO	**139.4**	158.26	-3.84	**-2.37**
94.00	46.45	**China Petro & Chem**	SNP	**130.0**	85.89	-0.71	**-0.82**
34.43	19.78	**Huaneng Power Intl**	HNP	**108.1**	25.55	-0.62	**-2.37**
38.82	16.57	**Telekom Indonesia**	TLK	**96.3**	38.31	0.04	**0.10**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

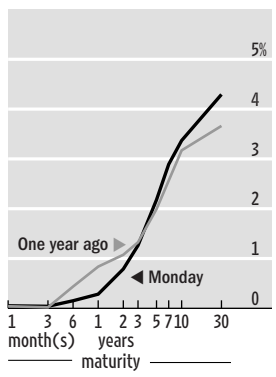
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.450%**	**369.2**	371.8	390.9	**195.4**	**4.457%**	4.925%	**3.165%**
4.500	10	**5.410**	**206.7**	202.9	230.7	**128.3**	**5.415**	5.793	**4.613**
5.250	**Austria** 2	**0.920**	**16.2**	22.1	2.7	**109.3**	**0.960**	1.043	**2.304**
4.350	10	**3.610**	**26.7**	25.4	20.1	**71.4**	**3.640**	3.687	**4.044**
3.500	**Belgium** 2	**1.093**	**33.5**	37.3	18.4	**141.1**	**1.112**	1.200	**2.622**
4.000	10	**3.646**	**30.3**	27.1	23.1	**80.6**	**3.657**	3.717	**4.136**
1.250	**Canada** 2	**1.225**	**46.7**	52.1	33.7	**61.5**	**1.260**	1.353	**1.826**
3.750	10	**3.335**	**-0.8**	0.4	2.1	**17.3**	**3.390**	3.507	**3.503**
4.000	**Denmark** 2	**2.168**	**141.0**	143.1	140.0	**250.3**	**2.170**	2.416	**3.714**
4.000	10	**3.603**	**26.0**	25.8	21.8	**65.2**	**3.644**	3.704	**3.982**
1.500	**France** 2	**1.248**	**49.0**	54.1	42.4	**131.9**	**1.280**	1.440	**2.530**
3.750	10	**3.512**	**16.9**	16.7	14.0	**54.4**	**3.553**	3.626	**3.874**
1.250	**Germany** 2	**1.322**	**56.4**	61.0	36.9	**99.0**	**1.349**	1.385	**2.201**
3.250	10	**3.253**	**-9.0**	-11.5	-14.8	**7.2**	**3.271**	3.338	**3.402**
0.550	**Hong Kong** 2	**0.549**	**-20.9**	-18.5	-48.6	**-48.5**	**0.554**	0.530	**0.726**
2.640	10	**2.319**	**-102.4**	-106.0	-117.5	**-171.0**	**2.326**	2.311	**1.620**
3.750	**Italy** 2	**1.526**	**76.8**	81.2	60.5	**203.1**	**1.551**	1.621	**3.242**
4.250	10	**4.051**	**70.8**	67.2	57.1	**115.4**	**4.058**	4.057	**4.484**
0.300	**Japan** 2	**0.250**	**-50.8**	-48.9	-73.6	**-70.1**	**0.250**	0.280	**0.510**
1.300	10	**1.305**	**-203.8**	-207.1	-213.6	**-192.0**	**1.315**	1.350	**1.410**
4.000	**Netherlands** 2	**0.943**	**18.5**	20.6	1.3	**111.7**	**0.945**	1.029	**2.328**
4.000	10	**3.496**	**15.3**	13.7	12.8	**49.5**	**3.523**	3.614	**3.825**
3.200	**Portugal** 2	**1.219**	**46.1**	47.3	29.8	**177.3**	**1.212**	1.314	**2.984**
4.750	10	**3.786**	**44.3**	42.0	40.8	**83.8**	**3.806**	3.894	**4.168**
5.350	**Spain** 2	**1.378**	**62.0**	64.7	51.8	**153.1**	**1.386**	1.534	**2.742**
4.300	10	**3.816**	**47.3**	45.3	38.3	**61.9**	**3.839**	3.869	**3.949**
4.000	**Switzerland** 2	**0.469**	**-28.9**	-27.0	-45.7	**11.2**	**0.469**	0.559	**1.323**
3.000	10	**1.982**	**-136.1**	-140.4	-134.0	**-114.8**	**1.982**	2.146	**2.182**
3.250	**U.K.** 2	**1.246**	**48.8**	51.6	-10.0	**85.4**	**1.255**	0.916	**2.065**
4.500	10	**3.653**	**31.0**	28.1	18.7	**59.7**	**3.667**	3.673	**3.927**
0.750	**U.S.** 2	**0.758**	**...**	...	...	**...**	**0.739**	1.016	**1.211**
3.375	10	**3.343**	**...**	...	...	**...**	**3.386**	3.486	**3.330**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.294%**	16.69	–0.55%	–3.24%	–21.61%	–6.71%
10-year Treasury	**3.369**	8.41	0.44	0.05	–6.11	1.63
7 Year Treasury	**2.892**	6.19	0.79	0.90	...	...
Five-year Treasury	**2.180**	4.63	0.81	1.20	1.17	4.22
Ryan Index	**2.464**	6.80	0.43	0.11	–4.30	1.79
3 Year Treasury	**1.262**	2.91	0.68	1.01	2.09	3.45
Two-year Treasury	**0.789**	1.98	0.38	0.68	1.81	2.81
1 Year Treasury	**0.284**	0.99	0.15	0.27	1.02	1.60
Six-month Treasury	**0.152**	0.50	0.04	0.07	0.63	0.97
Ryan Cash Index-a	**0.132**	0.45	0.05	0.10	0.54	0.77
Three-month bill	**0.041**	0.25	0.02	0.05	0.36	0.37
One-month bill	**0.051**	0.07	...	0.01	0.14	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	4.00%
Canada	**2.25**	4.00
Japan	**1.475**	1.675
Britain	**0.50**	3.00
ECB	**1.00**	3.25
Switzerland	**0.52**	2.04
Australia	**3.50**	5.25
Hong Kong	**5.20**	n.a.
Libor		
One month	**0.23594%**	1.43625%
Three month	**0.26063**	2.19625
Six month	**0.48250**	2.62125
One year	**1.01375**	2.84000

	Latest	52 wks ago
Euro Libor		
One month	**0.40750%**	3.42250%
Three month	**0.67688**	3.93000
Six month	**0.97625**	3.99500
One year	**1.22125**	4.05375
Hibor		
One month	**0.06929**	0.90429%
Three month	**0.12036**	1.90357
Six month	**0.30857**	2.20857
One year	**0.59000**	2.40214
Asian dollars		
One month	**0.2408%**	1.43%
Three month	**0.2733**	2.2025
Six month	**0.4938**	2.6125
One year	**1.0375**	2.8150

	Offer	Bid
Eurodollars		
One month	**0.2800%**	0.1800%
Three month	**0.3800**	0.2800
Six month	**0.6000**	0.5000
One year	**1.5000**	0.7500

	Latest	52 wks ago
U.S. discount	**0.50%**	1.25%
Fed-funds target	**0.25**	1.00
Call money	**2.00**	2.75
Overnight repurchase rates		
U.S.	**0.17%**	0.38%
U.K. (BBA)	**0.480**	2.528
Euro zone	**0.36**	2.84

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Tuesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

WSJ.com

Follow the markets throughout the day, with updated stock quotes, news and commentary at **WSJ.com.**.
Also, receive emails that summarize the day's trading in Europe and Asia.
To sign up, go to **WSJ.com/Email**

Asian index movers...

Nikkei Stock Average
Japan 9401.58
▼ **1.01% or 96.10**

Lingering equity-financing concerns and growing deflation worries sank financial stocks. Japan Airlines hit a record low on uncertainty about its restructuring plan.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**93.45**	154	–4	–2.53
JapanAirlines	**82.55**	87	–8	–8.42
Mtshbsh Fin Grp	**66.30**	458	–13	–2.76
Mitsui Chem	**62.95**	205	–23	–10.09
Toshiba	**48.28**	450	–1	–0.22

CBN 600
China 28740.53
▼ **3.59% or 1,070.70**

Concerns that Beijing would tighten monetary policy led to profit-taking. Drug makers took a hit on worries about how health-care reform would affect drug prices.

Stock	Volume in millions	Close	Change Net	Change %
China State Con	**816.41**	4.96	–0.04	–0.80
Zijin Mining	**537.39**	10.31	0.16	1.58
InnerMoBaotouSteel	**364.72**	5.18	0.34	7.02
ChinaVankeCoA	**345.86**	11.95	–0.24	–1.97
BaoshanIron&Steel	**291.46**	8.23	0.27	3.39

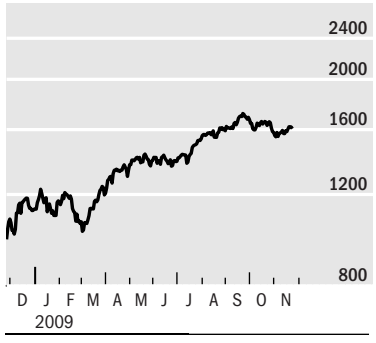
Hang Seng
Hong Kong 22423.14
▼ **1.53% or 348.25**

Bank of China fell 4% after it said it is studying plans to replenish capital following a warning by a China regulator that banks must comply with capital requirements.

Stock	Volume in millions	Close	Change Net	Change %
Bank Of China	**571.47**	4.62	–0.19	–3.95
CCB	**292.08**	7.15	–0.25	–3.38
Icbc	**272.51**	6.85	–0.12	–1.72
ChinaPetroChem	**99.65**	6.64	–0.05	–0.75
PetroChina	**86.75**	9.84	–0.18	–1.80

Kospi
South Korea 1606.42
▼ **0.78% or 12.63**

Investors ignored the positive overnight lead from Wall Street to take profit in banks and unload technology stocks on concerns about exchange rates.

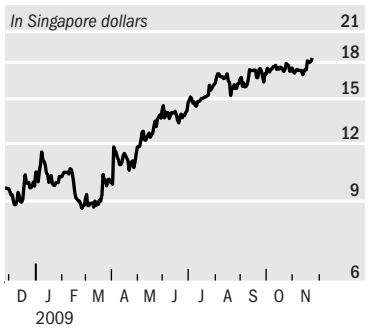


Stock	Volume in millions	Close	Change Net	Change %
Woori Finance	**70.04**	15,700	–350	–2.18
Kec	**25.69**	630	–95	–13.10
Dongyang Steel	**16.63**	1,230	160	14.95
Artis	**15.53**	400	–55	–12.09
Samyang Optics	**13.95**	910	95	11.66

Asian stocks in the news

Jardine Strategic
Singapore S$18.40
▲ **1.7% or S$0.30**

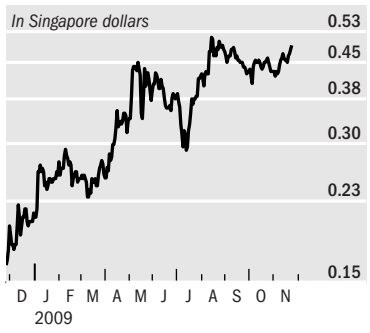
HSBC started coverage of the stock at overweight.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**...**			
Dividend yield	**1.0**			
Indus Gds & Svcs		**-0.6%**	-1.6%	51.4%
Jardine Strategic		**1.7%**	6.1%	91.7%

Golden Agri-Resources
Singapore S$0.49
▲ **2.1% or S$0.01**

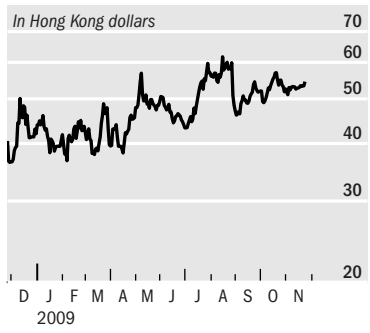
Palm-plantation stocks rose on hopes crude-palm-oil demand will remain buoyant.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**9**			
Earnings per share, past four quarters	**0.05**			
Dividend yield	**none**			
Food & Beverage		**...**	-0.3%	38.3%
Golden Agri-Resources		**2.1%**	7.7%	199.9%

Esprit Hldgs
Hong Kong HK$54.50
▲ **2.2% or HK$1.15**

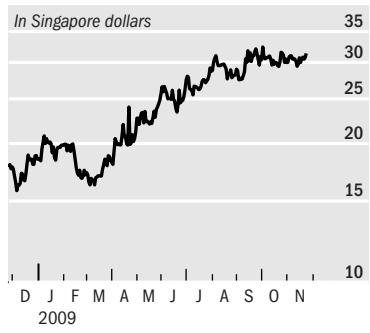
German GDP data suggests a turnaround in Europe, where the retailer has 70% of its sales.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**14**			
Earnings per share, past four quarters	**3.81**			
Dividend yield	**2.8**			
Retail		**-0.6%**	-1.2%	32.9%
Esprit Hldgs		**2.2%**	3.0%	34.6%

Jardine Matheson
Singapore S$31.38
▲ **2.2% or S$0.68**

HSBC raised its target price on the stock.



		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**19**			
Earnings per share, past four quarters	**1.65**			
Dividend yield	**2.4**			
Indus Gds & Svcs		**-0.6%**	-1.6%	51.4%
Jardine Matheson		**2.2%**	4.7%	76.5%

Sankyo (6417)
Japan ¥4,910
▲ **2.9% or ¥140**

Daiwa Institute of Research said the stock was undervalued compared to its peers.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**11**			
Earnings per share, past four quarters	**430.30**			
Dividend yield	**3.1**			
Travel & Leisure		**-0.5%**	-1.0%	9.6%
Sankyo (6417)		**2.9%**	3.2%	-1.0%

Sumitomo Mitsui Finl
Japan ¥2,690
▼ **4.4% or ¥125**

Persistent worries about capital raising hurt Japanese banks.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**12**			
Earnings per share, past four quarters	**216.20**			
Dividend yield	**3.3**			
Banks		**-1.7%**	-2.3%	47.7%
Sumitomo Mitsui Finl		**-4.4%**	-11.2%	-20.9%

Cmmnwlth Prop Off Fd
Australia A$0.94
▼ **4.6% or A$0.05**

The fund issued convertible notes and new shares to raise capital.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-0.32**			
Dividend yield	**4.5**			
Real Estate		**-0.9%**	-2.6%	56.9%
Cmmnwlth Prop Off Fd		**-4.6%**	-5.5%	-27.7%

Japan Airlines
Japan ¥87
▼ **8.4% or ¥8**

Mitsui sold its stake in the company amid uncertainty over the airline's restructuring plans.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-73.20**			
Dividend yield	**none**			
Travel & Leisure		**-0.5%**	-1.0%	9.6%
Japan Airlines		**-8.4%**	-14.7%	-60.1%

Mitsui Chemicals
Japan ¥205
▼ **10.1% or ¥23**

The company set the offer price for new shares it plans to issue in December.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-38.20**			
Dividend yield	**none**			
Chemicals		**-0.3%**	0.3%	46.2%
Mitsui Chemicals		**-10.1%**	-14.2%	-39.5%

Mori Seiki
Japan ¥793
▼ **11.2% or ¥100**

Firm said it would raise as much as $204 million to invest in new equipment.

		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Price-to-earnings ratio	**none**			
Earnings per share, past four quarters	**-242.20**			
Dividend yield	**2.5**			
Indus Gds & Svcs		**-0.6%**	-1.6%	51.4%
Mori Seiki		**-11.2%**	-12.0%	0.5%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Beijing's self-created hot-money headache

A small bubble popped in China on Tuesday. Its formation illustrates one of Beijing's worries as pressure grows on its exchange-rate regime.

The value of Class B shares listed in Shanghai fell 7.3% on the day, having jumped 26% previously this month. Class B shares are denominated in U.S. and Hong Kong dollars, but reflect stakes in companies that hold their assets in yuan. In that sense, their recent rise—even if amplified by this market's small size—was spurred by hopes that Beijing would soon allow the yuan to appreciate again. The pullback, then, seems to echo a cooling of that talk.

This highlights a key reason that Chinese policy makers so dislike talk of yuan appreciation: They're worried it will inspire similar moves of capital in and out of assets, only on a much larger scale.

The worry is over what is called hot money—the speculative capital flows that rush into China whenever investors sniff the chance of a rise in the yuan's value against the dollar, despite the country's capital controls.

The worry is over speculative capital flows that could disrupt the economy.

The most recent data on the composition of China's foreign-exchange reserves suggest that hot-money flows are already on the rise. Data on this point aren't exact, but it's estimated that hot-money inflows could have accounted for just under half of the $62 billion rise in China's foreign exchange reserves in September.

Hot money causes a short-term problem for Chinese policy makers, in that it adds to the already abundant money supply in the country. The fear is that this is already helping to fuel bubbles in the property and equity markets, as well as adding to inflationary pressures.

The longer-term worry comes from the nature of hot money: It can flow out of a country as easily as it came in, destabilizing the economy. China experienced this in late 2008 and early 2009.

This is, of course, a problem that China has itself created, by sticking with its managed exchange-rate regime. Despite some reforms this year, that system is unlikely to disappear anytime soon. Nor, then, will the hot-money problem.

—Andrew Peaple

Reuters

An investor takes photos in front of an electronic board with stock information at a brokerage house in Shanghai, Tuesday.

U.K. bankers chafe under regulatory microscope

The U.K. is rapidly becoming the global laboratory for banking overhaul, and the bankers don't like it. Bank chiefs privately are furious at the direction that new rules for capital, liquidity and bonuses are taking, fearing they will make their own institutions, and the U.K. itself, less competitive. **Standard Chartered** boss Peter Sands has publicly warned that banks likely will pass on the costs of any new rules to customers, undermining the economic recovery. Policy makers should take these threats with a pinch of salt.

Sure, not all these criticisms are self-serving. Policy makers need to guard against regulatory overkill. But the moral hazard built up in the system as a result of the global financial crisis is so great that a drastic overhaul is essential. What might have appeared a once-in-100-years event could too easily become a once-in-20-years event, or worse, if the market concludes policy makers will have to keep bailing out an unreformed system.

Besides, bankers still seem to have difficulty accepting that the financial crisis wasn't just the result of overexuberance but reflected a deep-rooted market failure, of which Wall Street's rocketing bonuses are only the most obvious symptom. A system that relies on public subsidy yet puts the interests of bank employees over other stakeholders—shareholders, taxpayers and customers—isn't a healthy market. So long as this market failure remains uncorrected, the system will remain vulnerable to crises.

Banks are unable to address these issues themselves. They showed that in their inability to "stop dancing" in the credit boom, and in their decision to set aside vast sums to pay bonuses. Even when they see what they are doing is wrong, the market requires them to keep going.

That makes more-intrusive regulation essential, even if that has some economic consequences. A case in point is the latest proposal to emerge from the U.K. laboratory: the Bank of England's discussion paper on macroprudential regulation, dynamic capital surcharges for banks as a way to tame credit bubbles.

Banks seem to have difficulty accepting that the crisis reflected a true market failure.

In theory, this is a more-promising solution for banks than the blunt instrument of higher one-size-fits-all capital ratios. Those don't distinguish between the kind of risks banks are running or their size and the risk they pose to the financial system. But in practice, it is clear it will be hard to design effective dynamic capital rules without international cooperation. U.K. bankers should stop complaining and take a more proactive role in shaping a stable global banking system.

—Simon Nixon

中国实时报
CHINAREALTIMEREPORT
Your comprehensive resource for news and analysis on China, covering the hottest topics of the day in business, finance, law, policy, economics and culture.
In English at asia.WSJ.com/chinarealtime
In Chinese at cn.WSJ.com/chinarealtime
Join the conversation today.

Published by Dow Jones Publishing Company (Asia). Printed in Hong Kong by Superflag Advertising and Communication Limited, 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1, Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo, 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no.: SeoulKA00020 (Daily Newspaper), Publisher/Editor/Printer: Song, PilHo. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No: 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Miel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 387 Mascardo St., Corner Metropolitan Ave., Pasong Tamo, Makati City. Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post, 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (K.M. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt Ltd. 5178 World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida -201301 and PLOT No.EL-208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India. Editor: Suman Dubey, phone: +91-1164620215. ACP no. F-2 (7/3) Press / 2009 FACSIMILE EDITION.